

Unaudited Second Quarter And Half Year Financial Statement For The Period Ended 30 June 2013

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

The Board of Directors announces the results of the Group for the second quarter ("2Q") and half year ended 30 June ("1H") 2013. These figures have not been audited.

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

1(a)(i) Income statement

	2Q 2013 \$'000	2Q 2012 \$'000	Group			+/- %
			+/- %	1H 2013 \$'000	1H 2012 \$'000	
Revenue	1,189,644	1,087,963	9.3%	2,297,413	2,186,331	5.1%
Cost of sales	(931,173)	(850,829)	9.4%	(1,794,843)	(1,705,139)	5.3%
Gross profit	258,471	237,134	9.0%	502,570	481,192	4.4%
Other income	9,599	7,075	35.7%	22,726	25,686	-11.5%
Selling and distribution expenses	(127,180)	(130,358)	-2.4%	(237,388)	(241,443)	-1.7%
Research and development costs	(26,919)	(22,180)	21.4%	(50,342)	(42,366)	18.8%
General and administrative expenses	(42,726)	(40,926)	4.4%	(87,646)	(84,213)	4.1%
Finance costs	(15,976)	(19,733)	-19.0%	(30,737)	(43,157)	-28.8%
Profit from operations	55,269	31,012	78.2%	119,183	95,699	24.5%
Share of profit of associates and jointly-controlled entity, net of tax	2,446	1,947	25.6%	3,930	3,877	1.4%
Profit before income tax	57,715	32,959	75.1%	123,113	99,576	23.6%
Income tax expense	(15,290)	(10,943)	39.7%	(30,409)	(23,930)	27.1%
Profit for the period	42,425	22,016	92.7%	92,704	75,646	22.5%
Attributable to:						
Owners of the Company	9,274	4,980	86.2%	23,698	18,905	25.4%
Non-controlling interests	33,151	17,036	94.6%	69,006	56,741	21.6%
	42,425	22,016	92.7%	92,704	75,646	22.5%

1(a)(ii) Notes to the income statement

	2Q 2013	2Q 2012	Group			
			+/-	1H 2013	1H 2012	+/-
Profit from operations include the following:	\$'000	\$'000	%	\$'000	\$'000	%
(Loss)/gain on disposal of property, plant and equipment ⁽¹⁾	(309)	(1,633)	-81.1%	2,612	(2,158)	NM
Impairment losses recognised on property, plant and equipment ⁽²⁾	-	-	NM	-	(599)	NM
Impairment losses written back/(recognised) for trade and other receivables, net	525	(659)	NM	2,251	(884)	NM
Allowance (made)/written back for inventories write down, net ⁽³⁾	(581)	76	NM	(1,778)	1,317	NM
Depreciation and amortisation	(28,651)	(29,033)	-1.3%	(57,220)	(57,322)	-0.2%
Foreign exchange gain/(loss), net ⁽⁴⁾	116	(3,770)	NM	(1,842)	652	NM

NM: Not meaningful

- (1) Loss on disposal of property, plant and equipment in 2Q 2013 and 2Q 2012 was attributed mainly to the Group's diesel engines unit ("Yuchai") as a result of the write-off of property, plant and equipment no longer in use.

Gain on disposal of property, plant and equipment in 1H 2013 mainly related to the sale of equipment by the Group's discontinued green packaging unit ("GPac") vis-a-vis loss on disposal of property, plant and equipment in 1H 2012 attributed mainly by Yuchai as a result of the write-off of property, plant and equipment no longer in use.

- (2) Impairment loss in 1H 2012 was mainly related to the hospitality business in China of a subsidiary of the Group.
- (3) Yuchai wrote back allowance for inventories in respect of old stocks which were subsequently sold in 2Q 2012 and 1H 2012 while the Group's consumer products unit ("Xinfei") made further allowance for inventories write down in all comparative periods.
- (4) Foreign exchange gain/(loss), net, comprises unrealised exchange differences arising from period-end revaluation of monetary assets and liabilities as well as realised exchange differences. The weakening of the Singapore dollar vis-a-vis United States dollar and Renminbi ("RMB") resulted in unrealised exchange loss for 2Q 2013 and 1H 2013. The realised loss in 2Q 2013 was offset by realised exchange gain during the quarter.

1(a)(iii) Amount of any adjustment for under or overprovision of tax in respect of prior years

The Group's tax charge for the period included an over provision of \$621,000 in 2Q 2013 and an over provision of \$751,000 in 2Q 2012 in respect of prior years. The Group's tax charge for 1H 2013 included under provision of \$629,000 (1H 2012: under provision of \$831,000) in respect of prior years.

1(a)(iv) Statement of Comprehensive Income

	2Q 2013	2Q 2012	Group +/-	1H 2013	1H 2012	+/-
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	42,425	22,016	92.7%	92,704	75,646	22.5%
Other comprehensive income						
Items that may be subsequently classify to Income statement						
Exchange differences on translation of financial statements of foreign subsidiaries and associates	48,979	6,357	670.5%	83,933	(28,884)	NM
Net fair value changes	(137)	(70)	95.7%	(223)	(1,224)	-81.8%
Total other comprehensive income for the period, net of tax	48,842	6,287	676.9%	83,710	(30,108)	NM
Total comprehensive income for the period	91,267	28,303	222.5%	176,414	45,538	287.4%
Attributable to:						
Owners of the Company	23,712	5,029	371.5%	49,310	10,923	351.4%
Non-controlling interests	67,555	23,274	190.3%	127,104	34,615	267.2%
Total comprehensive income for the period	91,267	28,303	222.5%	176,414	45,538	287.4%

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.

\$'000	Group		Company	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
Non-current assets				
Property, plant and equipment	1,297,948	1,233,263	480	502
Land use rights	135,372	127,195	-	-
Intangible assets	113,326	110,200	302	320
Investment in subsidiaries	-	-	213,344	213,344
Interests in associates	58,179	56,492	13,726	13,726
Other investments	721	716	-	-
Deferred tax assets	98,086	94,536	25	25
Non-current receivables	10,309	10,423	-	-
	1,713,941	1,632,825	227,877	227,917
Current assets				
Other investments	7,186	10,900	4	4
Inventories	625,086	602,242	-	-
Development properties	9,590	10,288	-	-
Trade and other receivables	1,793,229	1,617,736	260,961	247,117
Cash and short-term deposits	1,177,432	1,000,806	5,451	10,868
Derivatives	1,079	-	-	-
Assets classified as held-for-sale	-	21,087	-	-
	3,613,602	3,263,059	266,416	257,989
Current liabilities				
Trade and other payables	1,879,189	1,743,676	53,749	39,653
Provisions	78,609	69,297	-	-
Loans and borrowings	697,619	711,330	121,222	139,078
Current tax payable	16,432	26,591	331	331
Liabilities classified as held-for-sale	-	3,771	-	-
Derivatives	2,107	-	-	-
	2,673,956	2,554,665	175,302	179,062
Net current assets	939,646	708,394	91,114	78,927
Non-current liabilities				
Loans and borrowings	394,323	203,201	-	-
Deferred tax liabilities	49,792	45,534	1,421	1,421
Deferred grants	68,156	65,891	-	-
Other non-current payables	5,187	14,693	-	-
Retirement benefits	239	200	-	-
	517,697	329,519	1,421	1,421
Net assets	2,135,890	2,011,700	317,570	305,423
Capital and reserves				
Share capital	266,830	266,830	266,830	266,830
Reserves	551,662	507,401	50,740	38,593
	818,492	774,231	317,570	305,423
Non-controlling interests	1,317,398	1,237,469	-	-
Total Equity	2,135,890	2,011,700	317,570	305,423

Explanatory Notes to Statement of Financial Position

Group

- The increase in property, plant and equipment was due mainly to additional capital expenditure incurred by Yuchai.
- The increase in current assets as at 30 June 2013 was mainly due to increase in trade and other receivables in both Yuchai and Xinfai. The cash and short term deposits also increased as compared to position as at 31 December 2012.
- The increase in current liabilities as at 30 June 2013 was mainly due to the increase in trade payables by Yuchai arising from higher business activities.
- The increase in non-current liabilities was due to issuance of RMB denominated 3-year unsecured medium term notes in May 2013 by Yuchai.

Company

- Loans and borrowings were reduced as at 30 June 2013 with dividend received from the subsidiaries.

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

Amount repayable in one year or less, or on demand

As at 30.06.2013		As at 31.12.2012	
Secured	Unsecured	Secured	Unsecured
\$70,107,784	\$627,511,155	\$71,137,546	\$640,192,566

Amount repayable after one year

As at 30.06.2013		As at 31.12.2012	
Secured	Unsecured	Secured	Unsecured
\$169,990,794	\$224,332,252	\$174,081,921	\$29,118,687

Details of any collateral

The secured banking facilities of the Group, comprising term loans, are secured on the assets of certain subsidiaries with a total carrying value as at 30 June 2013 of \$285,259,000 (31 December 2012: \$290,217,000).

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

	2Q 2013 \$'000	2Q 2012 \$'000	1H 2013 \$'000	1H 2012 \$'000
Operating activities				
Profit before tax	57,715	32,959	123,113	99,576
Adjustments for:				
Share of profit of associates, net of tax	(2,446)	(1,947)	(3,930)	(3,877)
Cost of share-based payments	6	83	13	166
Depreciation and amortisation	28,651	29,033	57,220	57,322
Allowance recognised/(written back) for inventories write-down	581	(76)	1,778	(1,317)
Impairment losses (written back)/recognised for trade and other receivables	(525)	659	(2,251)	884
Impairment losses recognised on property, plant and equipment	-	-	-	599
Finance costs	15,976	19,733	30,737	43,157
Dividend income from other investments	(238)	(355)	(238)	(355)
Interest income	(6,234)	(6,407)	(10,768)	(11,465)
(Gain)/loss on disposal of:				
- subsidiaries	-	(296)	-	(296)
- property, plant and equipment	309	1,633	(2,612)	2,158
- other investment	103	-	103	-
Fair value loss/(gain) on investments	511	379	302	(761)
Fair value gain on derivatives	(1,013)	-	(834)	-
Provision for warranties and other costs, net	26,702	21,171	42,044	40,256
Operating profit before working capital changes	120,098	96,569	234,677	226,047
Changes in working capital:				
Inventories	89,272	150,733	4,578	115,031
Trade and other receivables	58,456	214,085	(100,737)	418,322
Trade and other payables	(90,511)	(81,095)	38,399	(25,956)
Provisions utilised	(22,071)	(25,964)	(36,240)	(44,154)
Cash flows from operations	155,244	354,328	140,677	689,290
Income tax paid	(17,811)	(22,321)	(34,716)	(36,547)
Cash flows from operating activities	137,433	332,007	105,961	652,743
Investing activities				
Acquisition of subsidiaries, net of cash acquired	-	(7,088)	-	(7,088)
Purchase of treasury shares in a subsidiary from non-controlling interests	-	-	-	(8,482)
Dividends received from:				
- associates	2,256	2,657	2,256	2,657
- other investments	238	355	238	355
Interest received	9,711	7,187	15,865	13,048
Purchase of:				
- property, plant and equipment	(30,450)	(39,627)	(64,846)	(64,374)
- land use rights	-	(3,520)	(1,704)	(3,520)
- intangible assets	(1,176)	(758)	(1,325)	(1,103)
- other investments	-	-	-	(5)
Proceeds from disposal of:				
- subsidiaries, net of cash disposed	-	3,510	-	3,510
- property, plant and equipment	3,331	1,555	5,813	2,467
- assets held-for-sale	9,178	-	9,178	7,650
- other investments	-	-	4,268	-
Net cash flows used in investing activities	(6,912)	(35,729)	(30,257)	(54,885)
Financing activities				
Dividend paid to:				
- non-controlling interests of subsidiaries	(47,175)	(50,473)	(47,175)	(50,473)
- shareholders of the Company	(7,478)	(18,695)	(7,478)	(18,695)
Interest paid	(16,509)	(12,798)	(32,693)	(47,674)
Proceeds from borrowings	73,372	293,284	307,915	323,972
Proceeds from issuance of bonds	200,500	-	200,500	-
Release of restricted deposits with banks	-	-	-	22
Grant received from government	649	2,077	1,808	2,838
Repayment in respect of borrowings	(255,757)	(131,910)	(365,520)	(266,455)
Repayment of obligation under finance leases	(280)	(3)	(560)	(6)
Redemption of bonds	-	-	-	(199,467)
Net cash flows (used in)/from financing activities	(52,678)	81,482	56,797	(255,938)
Net increase in cash and cash equivalents	77,843	377,760	132,501	341,920
Cash and cash equivalents at beginning of the period	1,026,770	1,152,327	953,270	1,208,271
Effect of exchange rate changes on balances held in foreign currencies	38,333	5,064	57,175	(15,040)
Cash and cash equivalents at end of the period	1,142,946	1,535,151	1,142,946	1,535,151
Comprising:				
Cash and short-term deposits			1,177,432	1,535,196
Less: Bank overdraft			-	(45)
Restricted deposits			(34,486)	-
			1,142,946	1,535,151

The attributable net assets of subsidiaries acquired/disposed during the year are as follows:

	2Q 2013 \$'000	2Q 2012 \$'000	1H 2013 \$'000	1H 2012 \$'000
Acquisitions				
Non-current assets	-	26,119	-	26,119
Net current liabilities	-	(11,995)	-	(11,995)
Non-controlling interests	-	(5,105)	-	(5,105)
Goodwill	-	2,476	-	2,476
Currency translation differences	-	(211)	-	(211)
Total consideration	-	11,284	-	11,284
Less: Cash and cash equivalents of subsidiaries acquired	-	(4,196)	-	(4,196)
Acquisition of subsidiaries, net of cash acquired	-	7,088	-	7,088
Disposals				
Non-current assets	-	22,077	-	22,077
Net current assets	-	(4,268)	-	(4,268)
Non-controlling interests	-	(13,075)	-	(13,075)
Gain on disposal/liquidation of subsidiaries	-	296	-	296
Currency translation differences	-	(33)	-	(33)
Total cash consideration	-	4,997	-	4,997
Less: Cash and cash equivalents of subsidiaries disposed/liquidated	-	(1,487)	-	(1,487)
Disposal/liquidation of subsidiaries, net of cash disposed	-	3,510	-	3,510

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.

Statement of Changes in Equity	Share capital \$'000	Capital reserve \$'000	Statutory reserve \$'000	Fair value reserve \$'000	Equity compensation reserve \$'000	Translation reserve \$'000	Discount/ (Premium) paid on acquisition of non-controlling interests \$'000	Reserve on disposal of non-classified group \$'000	Accumulated profits \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
The Group												
At 1 January 2012	266,830	(2,437)	33,802	46,760	2,047	(27,714)	11,146	-	523,783	854,217	1,242,235	2,096,452
Total comprehensive income for the period	-	-	-	(1,154)	-	(6,877)	-	-	13,925	5,894	11,341	17,235
Transactions with owners, recorded directly in equity												
<i>Contributions by and distributions to owners</i>												
Cost of share-based payments	-	-	-	-	83	-	-	-	-	83	-	83
Transfer to statutory reserve	-	-	(3)	-	-	-	-	-	3	-	-	-
Effect of treasury shares in a subsidiary acquired from non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8,482)	(8,482)
Realisation of reserves upon disposal of assets classified as held-for-sale	-	882	-	-	-	(4,695)	-	-	-	(3,813)	-	(3,813)
Premium paid on acquisition of non-controlling interests	-	-	-	-	-	-	(192)	-	-	(192)	192	-
At 31 March 2012	266,830	(1,555)	33,799	45,606	2,130	(39,286)	10,954	-	537,711	856,189	1,245,286	2,101,475
At 1 April 2012	266,830	(1,555)	33,799	45,606	2,130	(39,286)	10,954	-	537,711	856,189	1,245,286	2,101,475
Total comprehensive income for the period	-	-	-	(70)	-	119	-	-	4,980	5,029	23,274	28,303
Transactions with owners, recorded directly in equity												
<i>Contributions by and distributions to owners</i>												
Cost of share-based payments	-	-	-	-	83	-	-	-	-	83	-	83
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(18,695)	(18,695)	-	(18,695)
Transfer to statutory reserve	-	-	29	-	-	-	-	-	(29)	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	(8,416)	(8,416)
Shares issued during the year	-	-	-	-	-	-	-	-	-	-	171	171
Relisation of reserves on liquidation of subsidiary	-	-	(17)	-	-	-	-	-	-	(17)	-	(17)
Discount on acquisition of non-controlling interests	-	-	-	-	-	-	7	-	-	7	-	7
Dividends paid/payable to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(50,473)	(50,473)
At 30 June 2012	266,830	(1,555)	33,811	45,536	2,213	(39,167)	10,961	-	523,967	842,596	1,209,842	2,052,438
At 1 January 2013	266,830	(1,604)	34,217	45,789	2,347	(49,712)	13,173	(2,813)	466,004	774,231	1,237,469	2,011,700
Total comprehensive income for the period	-	-	-	(86)	-	11,260	-	-	14,424	25,598	59,549	85,147
Transactions with owners, recorded directly in equity												
<i>Contributions by and distributions to owners</i>												
Cost of share-based payments	-	-	-	-	7	-	-	-	-	7	-	7
Reserve attributable to disposal group classified as held-for-sale	-	-	-	-	-	(343)	-	343	-	-	-	-
At 31 March 2013	266,830	(1,604)	34,217	45,703	2,354	(38,795)	13,173	(2,470)	480,428	799,836	1,297,018	2,096,854
At 1 April 2013	266,830	(1,604)	34,217	45,703	2,354	(38,795)	13,173	(2,470)	480,428	799,836	1,297,018	2,096,854
Total comprehensive income for the period	-	-	-	(137)	-	14,575	-	-	9,274	23,712	67,555	91,267
Transactions with owners, recorded directly in equity												
<i>Contributions by and distributions to owners</i>												
Cost of share-based payments	-	-	-	-	6	-	-	-	-	6	-	6
Relisation of reserves on liquidation of subsidiary	-	-	(54)	-	-	-	-	-	-	(54)	-	(54)
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(7,478)	(7,478)	-	(7,478)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(47,175)	(47,175)
Realisation of reserve upon disposal of assets classified as held-for-sale	-	-	-	-	-	-	-	2,470	-	2,470	-	2,470
At 30 June 2013	266,830	(1,604)	34,163	45,566	2,360	(24,220)	13,173	-	482,224	818,492	1,317,398	2,135,890

1(d)(i) Statement of changes in equity for the periods ended 30 June (cont'd)

Statement of Changes In Equity	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Equity compensation reserve \$'000	Accumulated profits \$'000	Total equity \$'000
The Company						
At 1 January 2012	266,830	9,199	-	1,994	33,673	311,696
Total comprehensive income for the period	-	-	-	-	719	719
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Cost of share-based payments	-	-	-	83	-	83
At 31 March 2012	266,830	9,199	-	2,077	34,392	312,498
At 1 April 2012	266,830	9,199	-	2,077	34,392	312,498
Total comprehensive income for the period	-	-	-	-	14,973	14,973
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Cost of share-based payments	-	-	-	83	-	83
Dividends paid to shareholders	-	-	-	-	(18,695)	(18,695)
At 30 June 2012	266,830	9,199	-	2,160	30,670	308,859
At 1 January 2013	266,830	9,199	-	2,294	27,100	305,423
Total comprehensive income for the period	-	-	-	-	1,349	1,349
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Cost of share-based payments	-	-	-	7	-	7
At 31 March 2013	266,830	9,199	-	2,301	28,449	306,779
At 1 April 2013	266,830	9,199	-	2,301	28,449	306,779
Total comprehensive income for the period	-	-	-	-	18,263	18,263
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Cost of share-based payments	-	-	-	6	-	6
Dividends paid to shareholders	-	-	-	-	(7,478)	(7,478)
At 30 June 2013	266,830	9,199	-	2,307	39,234	317,570

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.

1(d)(ii)(A) Movements in issued and paid-up capital

The Company did not hold any treasury shares as at 30 June 2013 and 30 June 2012.

There was no change in the Company's issued share capital during the three months ended 30 June 2013.

1(d)(ii)(B) Share Options

There was no option exercised pursuant to the terms of the Hong Leong Asia Share Option Scheme 2000 (the "Scheme") during the three months ended 30 June 2013.

As at 30 June 2013, there were a total of 930,000 (30 June 2012: 1,180,000) unissued shares under option granted pursuant to the Scheme. Details are as follows:

Year of Grant	Exercise Price	Number of Outstanding Options
2008	\$2.36	470,000
2011	\$3.17	460,000
Total		930,000

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued ordinary shares as at 30 June 2013 and 31 December 2012 was 373,908,559.

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.

There was no sale, transfer, disposal, cancellation and/or use of treasury shares during the three months ended 30 June 2013.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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.

The Group has applied the same accounting policies and methods of computation as in the Group's audited financial statements for the year ended 31 December 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.

The Group adopted the following revised accounting standards that are effective for annual periods beginning on or after 1 January 2013. Insofar as the Group is concerned, these revised accounting standards are effective on 1 January 2013 as 2013 is the first annual period for the Group subsequent to 1 January 2013. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 1 Presentation of Items of Other Comprehensive Income	1 July 2012
Revised FRS 19 Employee Benefits	1 January 2013
FRS 113 Fair Value Measurement	1 January 2013
Amendments to FRS 107 Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Improvements to FRSs 2012	1 January 2013
- Amendment to FRS 1 Presentation of Financial Statements	1 January 2013
- Amendment to FRS 16 Property, Plant and Equipment	1 January 2013
- Amendment to FRS 32 Financial Instruments: Presentation	1 January 2013

Except for the Amendments to FRS 1, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the Amendments to FRS 1 is described below

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The Amendments to FRS 1 Presentation of Items of Other Comprehensive Income (OCI) is effective for financial periods beginning on or after 1 July 2012.

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. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

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			
	2Q 2013	2Q 2012	1H 2013	1H 2012
Earnings per ordinary share based on net profit attributable to shareholders				
(i) Based on the weighted average number of ordinary shares in issue (cts)	2.48	1.33	6.34	5.06
(ii) On a fully diluted basis (cts)	2.48	1.33	6.34	5.06

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.

	Group		Company	
	30.6.2013	31.12.2012	30.6.2013	31.12.2012
Net Asset Value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares, if any, of the issuer as at 30 June 2013 and as at 31 December 2012 (cts)	218.90	207.06	84.93	81.68

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.

2Q 2013 vs 2Q 2012

Revenue for the Group increased from \$1,088.0 million in 2Q 2012 to \$1,189.6 million for the quarter under review, an increase of 9.3%. The increase was mainly due to higher revenue from the diesel engines unit ("Yuchai") but offset by lower revenue from the consumer products unit ("Xinfei"). Profit attributable to the owners of the Company improved by 86.2% to \$9.3 million from \$5.0 million in 2Q 2012.

- Yuchai's revenue increased by 23.6% in 2Q 2013 as compared to 2Q 2012. Unit sales of diesel engines in 2Q 2013 were higher than in 2Q 2012 mainly due to higher sales volume of agricultural, industrial and truck engines. The pre-buy impact before implementation of China IV emission legislation also attributed to the higher sales volume in 2Q 2013.

Based on "China Automobile Industry Newsletter of Production & Sales" issued by China Association of Automobile Manufacturers, total demand in China for commercial vehicles using diesel engines in 2Q 2013 increased by 14.1% compared to 2Q 2012. The truck segment enjoyed a double digit increase while the bus segment continued to decline.

- Xinfei's revenue declined by 29.2% in 2Q 2013 as compared to 2Q 2012. Its revenue continued to be affected by keen competition and the expiry of rural subsidy incentive programs which ended in January 2013. Unit sales were 32.1% lower compared to the same period last year.
- Revenue of the building materials unit ("BMU") increased by 0.3% in 2Q 2013 as compared to 2Q 2012. Its revenue was adversely affected by lower precast sales as a result of delays in projects. However, it was mitigated by higher sales from ready-mixed concrete.
- Revenue of the industrial packaging unit ("Rex") declined by 4.8% in 2Q 2013 as compared to 2Q 2012 mainly due to key customer engaging alternative sources of suppliers.

Group gross profit in 2Q 2013 was 21.7%, declined by 0.1% as compared to 21.8% in 2Q 2012. Overall raw material cost as a percentage of sales for the Group increased slightly compared to the same period last year. However, the overhead costs as a percentage of sales decreased as a result of higher sales. There was an improvement in Xinfei's margin resulting from better selling prices of new models. Yuchai's margin improved marginally due to lower overhead costs per unit as a result of higher sales. Rex's margin deteriorated due to lower sales. BMU's margin declined marginally due largely to higher raw material costs and higher price rebates granted to customers by Tasek Corporation Berhad ("Tasek").

Other income for the Group in 2Q 2013 increased as compared to 2Q 2012 mainly due to lower exchange loss.

Selling and distribution ("S&D") expenses in 2Q 2013 decreased by \$3.2 million, or 2.4% as compared to 2Q 2012. It was mainly due to lower sales incentive granted to customers by Xinfei despite a higher expense from Yuchai.

Research and development ("R&D") expenses in 2Q 2013 increased by \$4.7 million or 21.4% over 2Q 2012 due mainly to the increase in consultancy fees and testing expenses incurred by Yuchai.

General and administrative ("G&A") expenses in 2Q 2013 increased by \$1.8 million or 4.4% over 2Q 2012 due mainly to water conservancy construction fund and tax on land used right incurred by Yuchai.

Finance costs in 2Q 2013 decreased by \$3.8 million or 19.0% as compared to 2Q 2012 due mainly to lower finance costs incurred by Yuchai.

The higher income tax expense in 2Q 2013 compared to the same period last year was due mainly to higher profit from Yuchai.

1H 2013 vs 1H 2012

Revenue for the Group increased from \$2,186.3 million in 1H 2012 to \$2,297.4 million in 1H 2013, an increase of 5.1%. The increase was mainly due to higher revenue from Yuchai but offset by lower revenue from Xinfai. Profit attributable to the owners of the Company was \$23.7 million in 1H 2013, improved by 25.4% as compared to \$18.9 million in 1H 2012.

- Yuchai achieved 13.7% higher sales compared to the same period last year. Agricultural, truck and bus engines enjoyed growth in sales. The pre-buy impact before implementation of China IV emission legislation attributed to the higher volume in 1H 2013.
- Xinfai's revenue declined by 21.7% as compared to 1H 2012 due to keen competition and the expiry of rural subsidy incentive programs which ended in January 2013.
- BMU's revenue decreased marginally by 0.4% as compared to 1H 2012. Tasek faced intense price competition in the Malaysian market resulting in lower pricing for its cement sales. Delays in projects affected revenue at the precast division but this was mitigated by higher sales from ready-mixed concrete.
- Rex's revenue declined by 5.7% as compared to 1H 2012 as key customer engaged alternative sources of suppliers.

Group gross profit margin in 1H 2013 was 21.9% as compared to gross profit margin of 22.0% in 1H 2012, 0.1% lower. Overall raw material cost as a percentage of sales for the Group increased slightly compared to the same period last year. However, the overhead costs as a percentage of sales decreased as a result of higher sales. There was an improvement in Xinfai's margin resulting from better selling prices of new models. Yuchai's margin also improved marginally due to lower overhead costs per unit as a result of higher sales. Rex's and BMU's margin deteriorated marginally by less than 1%.

Other income decreased by \$3.0 million as compared to 1H 2012 mainly due to higher exchange loss.

S&D expenses in 1H 2013 decreased by \$4.1 million, or 1.7% compared to 1H 2012. It was mainly due to lower sales incentive granted to customers by Xinfai despite higher expense from Yuchai.

R&D expenses in 1H 2013 increased by \$7.9 million or 18.8% over 1H 2012 due mainly to the increase in consultancy fees and testing expenses incurred by Yuchai.

G&A expenses in 1H 2013 increased by \$3.4 million or 4.1% over 1H 2012 due mainly to increase in salary costs incurred by Yuchai and the climate control unit ("Airwell").

Finance costs decreased by \$12.4 million or 28.8% as compared to 1H 2012. This was due mainly to lower discounting of bills by both Xinfai and Yuchai and interest savings from short term bonds issued by Yuchai.

The higher income tax expense in 1H 2013 compared to the same period last year was due mainly to higher profit derived by Yuchai.

Working Capital and Cash Flow

The Group had cash and short-term deposits of \$1,177.4 million and a net cash position of \$85.5 million at the end of 2Q 2013.

In 2Q 2013, the Group continued to generate positive cash flow of \$137.4 million from operating activities. It was mainly due to higher collection from trade & other receivables and lower inventories holdings.

The Group invested \$30.5 million for the purchase of property, plant and equipment, mainly by Yuchai in 2Q 2013.

For financing activities, the Group issued RMB denominated 3-year unsecured medium term notes to replace bank borrowings in 2Q 2013.

9. Where a forecast, or prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

None.

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 global 2013 economic growth forecast issued in July 2013 by International Monetary Fund has dropped slightly to 3.1% compared to 3.3% in the previous forecast. Overall growth outlook in the United States of America, Eurozone and Emerging Markets declined slightly compared to the forecasts published previously. China, the biggest economy in Asia, is expected to grow at a slower rate of 7.8% in 2013. The Chinese government sees 7.0% growth as the bottom line for tolerance of an economic slowdown. Singapore's economy grew 0.2% in 1Q 2013, and it is expected to grow at 3.7% in 2Q 2013 based on the advance estimates.

Operating costs are expected to increase further as China continues to increase the minimum wages of low income workers.

The Chinese government is increasing its focus on combating air pollution and the National IV emission standards for diesel engines were implemented on 1 July, 2013. Yuchai has the capability of producing National IV emission standard diesel engines. The white goods industry relating to consumer appliances such as refrigerators is expected to remain challenging and continues to be highly competitive with over capacity and lower consumers demand. These challenges had impacted Xinfei's performance for 1H 2013 and are expected to affect Xinfei for the remainder part of the year.

The positive outlook for the Malaysia and Singapore building material industries is expected to continue. In Singapore, new measures on control of foreign workers will lead to higher labor costs and delays in projects. The Malaysia construction industry remain strong with many projects in public sectors such as MRT and LRT lines which has been implemented

Barring any unforeseen circumstances including any change in policies by the Chinese government and any adverse change in the business climate, the Group expects to remain profitable in the next quarter and in the current financial year. The Group continues to be exposed to currency fluctuation risk as the bulk of its businesses are located outside of Singapore.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	1 cent per ordinary share
Tax Rate	Tax Exempt (1-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	1 cent per ordinary share
Tax Rate	Tax Exempt (1-tier)

(c) Date payable

3 September 2013

(d) Books closure date

5.00 p.m. on 21 August 2013.

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

Not applicable.

13. Interested persons transactions

No interested persons transactions (IPT) were concluded under the Company's IPT Mandate for the quarter ended 30 June 2013.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

16. A breakdown of sales.

Not applicable.

BY ORDER OF THE BOARD

Yeo Swee Gim, Joanne
Ng Siew Ping, Jaslin
Company Secretaries

7 August 2013

Confirmation Pursuant to Rule 705(5) of the Listing Manual

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results of the Group for the second quarter and half year ended 30 June 2013 to be false or misleading in any material respect.

On behalf of the Board

Kwek Leng Beng
Chairman

Philip Ting Sii Tien @ Yao Sik Tien
Director & CEO

7 August 2013