

Unaudited Full Year Financial Statement And Dividend Announcement For The Year Ended 31 December 2011

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 year ended 31 December ("FY") 2011. These figures have not been audited. Certain comparative figures for FY 2010 have been restated to be consistent with the classification for FY2011.

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

	Group		
	FY 2011	FY 2010 (restated)	Change
	\$'000	\$'000	%
Continuing operations			
Revenue	4,625,545	5,101,472	-9.3%
Cost of sales	(3,566,859)	(3,830,058)	-6.9%
Gross profit	1,058,686	1,271,414	-16.7%
Other income	64,568	70,760	-8.8%
Selling and distribution expenses	(500,394)	(564,468)	-11.4%
Research and development costs	(85,646)	(85,212)	0.5%
General and administrative expenses	(205,391)	(189,912)	8.2%
Finance costs	(55,943)	(49,007)	14.2%
Profit from continuing operations	275,880	453,575	-39.2%
Share of profit of associates and jointly-controlled entity, net of tax	10,283	12,511	-17.8%
Profit before income tax from continuing operations	286,163	466,086	-38.6%
Income tax expense	(36,714)	(73,149)	-49.8%
Profit from continuing operations, net of tax	249,449	392,937	-36.5%
Discontinued operations			
(Loss)/profit from discontinued operations, net of tax	(3,107)	1,539	NM
Profit for the year	246,342	394,476	-37.6%

Attributable to :

Owners of the parent			
Profit from continuing operations, net of tax	83,841	126,030	-33.5%
(Loss)/profit from discontinued operations, net of tax	(535)	982	NM
	83,306	127,012	-34.4%

Non-controlling interests			
Profit from continuing operations, net of tax	165,608	266,907	-38.0%
(Loss)/profit from discontinued operations, net of tax	(2,572)	557	NM
	163,036	267,464	-39.0%

The Group's interests in the two associates of Tasek Corporation Berhad ("Tasek") previously considered for disposal have been restated as interests in associates as the divestment plan has been aborted (please refer to section 8). As a result, we have adjusted the share of profit from associates relating to FY2009 and FY2010 to the prior years and restated the prior years financial statements in accordance with the requirements of FRS 28.

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

	Group		
	FY 2011 \$'000	FY 2010 \$'000	Change %
Profit from operations include the following:			
(Loss)/gain on disposal of property, plant and equipment and land use rights ⁽¹⁾	(275)	19,352	NM
Impairment losses on property, plant and equipment, development properties and assets held-for-sale ⁽²⁾	(6,625)	(5,947)	11.4%
Impairment losses (recognised)/ written back for trade and other receivables	(28)	2,604	NM
Allowance written back for inventories write down	5,663	22,700	-75.1%
Depreciation and amortisation	(126,302)	(111,299)	13.5%
Foreign exchange (loss)/gain	(2,194)	2,336	NM

NM: Not meaningful

- (1) Loss on disposal of property, plant and equipment in FY2011 was not significant. The gain from disposal of property, plant and equipment in FY2010 arose largely from the sale of a plantation land by Tasek Corporation Berhad ("Tasek").
- (2) FY2011 impairment losses on property, plant and equipment and development properties were mainly related to the hospitality industry by a subsidiary of the Group. Impairment losses in FY 2010 related largely to the quarry on Karimun Island and assets in a jointly controlled entity involved in steel fabrication products.

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

The Group's tax charge in 2011 included a write-back of over provision of \$12,992,000 (2010: write-back of over provision of \$13,757,000) in respect of prior years.

1(a)(iv) Statement of Comprehensive Income

	Group		
	FY 2011 \$'000	FY 2010 (restated) \$'000	Change %
Profit for the year	246,342	394,476	-37.6%
Other comprehensive income			
Exchange differences on translation of financial statements of foreign subsidiaries and associates	57,746	(84,933)	NM
Net fair value changes	(2,470)	5,041	NM
Total other comprehensive income for the year, net of tax	55,276	(79,892)	NM
Total comprehensive income for the year	301,618	314,584	-4.1%
Attributable to:			
Owners of the parent	94,646	102,805	-7.9%
Non-controlling interests	206,972	211,779	-2.3%
Total comprehensive income for the year	301,618	314,584	-4.1%
Attributable to:			
Owners of the parent			
Total comprehensive income from continuing operations, net of tax	94,634	102,489	-7.7%
Total comprehensive income from discontinued operations, net of tax	12	316	-96.2%
Total comprehensive income for the year attributable to owners of the parent	94,646	102,805	-7.9%

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	
	31/12/2011	31/12/2010 (restated)	31/12/2011	31/12/2010
Non-current assets				
Property, plant and equipment	1,275,919	1,141,147	685	351
Land use rights	135,309	123,438	-	-
Intangible assets	72,117	69,580	603	583
Investment in subsidiaries	-	-	210,824	213,824
Interests in associates	61,449	55,218	13,726	13,816
Interests in jointly-controlled entities	23	-	-	-
Investment properties	-	7,055	-	-
Other investments	4,007	2,101	-	-
Deferred tax assets	101,352	87,502	7	3
Non-current receivables	5,684	12,666	-	-
	1,655,860	1,498,707	225,845	228,577
Current assets				
Other investments	9,265	12,596	16	37
Inventories	733,424	746,397	-	-
Development properties	11,390	15,764	-	-
Trade and other receivables	1,830,859	1,291,097	238,472	183,608
Cash and short-term deposits	1,208,450	1,168,143	1,913	1,125
Assets classified as held-for-sale	15,285	34,928	7,500	36,499
	3,808,673	3,268,925	247,901	221,269
Current liabilities				
Trade and other payables	1,936,819	2,097,200	19,030	27,442
Provisions	82,602	89,938	-	-
Loans and borrowings	964,080	235,333	142,993	116,597
Current tax payable	35,605	49,648	-	-
Liabilities classified as held-for-sale	7,635	19,066	-	-
	3,026,741	2,491,185	162,023	144,039
Net current assets	781,932	777,740	85,878	77,230
Non-current liabilities				
Loans and borrowings	233,656	220,680	-	-
Deferred tax liabilities	42,047	37,999	27	45
Deferred grants	65,404	46,192	-	-
Retirement benefits	233	241	-	-
	341,340	305,112	27	45
Net assets	2,096,452	1,971,335	311,696	305,762
Capital and reserves				
Share capital	266,830	266,143	266,830	266,143
Reserves	587,387	512,911	44,866	39,619
	854,217	779,054	311,696	305,762
Non-controlling interests	1,242,235	1,192,281	-	-
Total Equity	2,096,452	1,971,335	311,696	305,762

Explanatory Notes to Statement of Financial Position

Group

- The increase in total non-current assets is primarily due to the increase in property, plant and equipment by Diesel Engines Unit (“Yuchai”) to expand capacities and improve efficiencies.
- The increase in total current assets was due largely to the increase in trade and other receivables as a result of the change in funding method of Yuchai. Instead of discounting its bank bills, Yuchai held more bills for longer periods in order to contain interest cost and issued short term corporate bonds to fund the working capital.
- Total current liabilities increased as a result of the increase in borrowings. Yuchai issued \$465 million worth of short term corporate bonds in China and also increased its bank borrowings.
- Total non-current liabilities increased slightly due to the increase in government grants given by the Chinese government to Yuchai.

Company

- During the year, the Company advanced S\$56 million to one of its subsidiaries to increase the Group’s shareholdings in China Yuchai International Limited (“CYI”) to 34.88 %.
- During the year, the Company received payments for the sale of its interest in Angkasa Hong Leong Pte Ltd (now known as Angkasa Amsteel Pte. Ltd.) (“Angkasa”) and the Karimun quarry which was used to repay part of the bank borrowings.

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

Amount repayable in one year or less, or on demand

As at 31/12/2011		As at 31/12/2010	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
\$181,258,962	\$782,821,008	\$32,268,494	\$203,064,463

Amount repayable after one year

As at 31/12/2011		As at 31/12/2010	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
\$181,284,993	\$52,371,133	\$176,820,695	\$43,858,998

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 31 December 2011 of \$408,755,000 (31 December 2010: \$289,524,000).

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.

	FY 2011	FY 2010 (restated)
	\$'000	\$'000
Operating activities		
Profit before income tax from continuing operations	286,163	466,086
(Loss)/profit before income tax from discontinued operations	(3,070)	1,941
Adjustment for:		
Depreciation and amortisation	126,302	111,299
Allowance written back for inventories	(5,663)	(22,700)
Impairment losses made/(written back) for trade and other receivables	28	(2,604)
Cost/(reversal) of share-based payment	570	(72)
Fair value gain on investments	-	(1,338)
Impairment losses on property, plant and equipment and assets held-for-sale	6,625	5,947
Property, plant and equipment written off	291	1,404
Intangible assets written off	-	1,521
Loss/(gain) on disposal of property, plant and equipment	2,306	(19,352)
(Gain)/loss on disposal of assets held-for-sale	(24,567)	435
Gain on disposal of land use rights	(2,031)	-
Loss on disposal of investment property	2,589	-
Loss/(gain) on disposal/liquidation of subsidiaries	471	(702)
Loss/(gain) on disposal/liquidation of an associate	682	(1,174)
Finance costs	55,943	49,007
Dividends and interest income	(17,452)	(19,663)
Provision for warranties and other costs, net	91,740	126,080
Share of profit of associates and a jointly-controlled entity, net of tax	(10,283)	(12,511)
Operating profit before working capital changes	510,644	683,604
Changes in working capital:		
Inventories	46,788	(99,892)
Trade and other receivables	(473,885)	(427,455)
Trade and other payables	(216,385)	401,817
Provisions utilised	(101,754)	(99,001)
Cash flows (used in)/from operations	(234,592)	459,073
Income tax paid	(62,619)	(83,874)
Cash flows (used in)/from operating activities	(297,211)	375,199
Investing activities		
Interests and dividends received	22,864	22,414
Proceeds from disposal of subsidiaries, net of cash disposed	-	452
Proceeds from disposal of associates and joint ventures	867	12,925
Proceeds from disposal of property, plant and equipment	30,945	37,307
Proceeds from disposal of land use rights	3,671	367
Proceeds from disposal of assets held-for-sale	35,650	62,250
Proceeds from disposal of investment property	7,915	-
Acquisition of non-controlling interests in a subsidiary	(55,775)	(11,915)
Investments in associates	(764)	-
Purchase of property, plant and equipment	(253,594)	(178,531)
Payment of land use rights	(16,664)	(16,472)
Purchase of intangible assets	(3,702)	(3,171)
Cash flows used in investing activities	(228,587)	(74,374)
Financing activities		
Proceeds from share issue	687	1,147
Grant received from government	19,536	11,514
Capital contribution by non-controlling interests of a subsidiary	-	9,456
Capital reduction by a subsidiary	-	(6,993)
Proceeds from bank borrowings	343,234	194,104
Proceeds from issuance of bond	465,677	-
Repayment of bank borrowings	(94,692)	(256,196)
Repayment of obligations under finance leases	(5,426)	(1,782)
Dividends paid to shareholders of the Company	(37,383)	(37,354)
Dividends paid to non-controlling interests of subsidiaries	(90,532)	(24,603)
Release of fixed deposits pledged with banks	5	20,915
Interest paid	(62,866)	(51,680)
Cash flows from/(used in) financing activities	538,240	(141,472)
Net increase in cash and cash equivalents	12,442	159,353
Cash and cash equivalents at beginning of the year	1,167,479	1,054,674
Effects of exchange rate changes on cash and cash equivalents	28,350	(41,737)
Cash and cash equivalents reclassified to assets held-for-sale	-	(4,811)
Cash and cash equivalents at end of the year	1,208,271	1,167,479
Comprising:		
Fixed deposit, bank and cash balances	1,208,450	1,168,143
Less: Bank overdraft	(157)	(637)
Fixed deposits pledged	(22)	(27)
	1,208,271	1,167,479

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

	FY 2011 \$'000	FY 2010 \$'000
Disposals		
Non-current assets	-	65
Net current assets	2	1,119
Non-controlling interests	(205)	(752)
Capital reserves	711	(17)
Realisation of translation difference	(37)	(391)
(Loss)/gain on disposal/liquidation of subsidiaries	(471)	702
Total cash consideration	<u>-</u>	<u>726</u>
Less: Cash and bank balance of subsidiaries disposed	-	(274)
Disposal of subsidiaries, net of cash disposed	<u>-</u>	<u>452</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.

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 of disposal group classified as held-for-sale S\$'000	Accumulated profits \$'000	Total attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
The Group												
At 1 January 2010 (restated)	264,996	(28,672)	29,664	44,015	2,009	(18,780)	-	-	418,761	711,993	1,008,373	1,720,366
Total comprehensive income for the year	-	-	-	5,041	-	(29,248)	-	-	127,012	102,805	211,779	314,584
Transactions with owners, recorded directly in equity												
<i>Contributions by and distributions to owners</i>												
Shares issued during the year	1,147	-	-	-	-	-	-	-	-	1,147	-	1,147
Reversal of share-based payments	-	-	-	-	(72)	-	-	-	-	(72)	-	(72)
Capital reduction by a subsidiary	-	-	-	-	-	-	-	-	-	-	(6,993)	(6,993)
Transfer to statutory reserve	-	-	2,904	-	-	-	-	-	(2,904)	-	-	-
Shares issued to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	9,456	9,456
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(37,354)	(37,354)	-	(37,354)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(24,603)	(24,603)
Reserve attributable to disposal group classified as held-for-sale	-	-	-	(1,909)	(488)	754	-	1,643	-	-	-	-
Realisation of reserves upon disposal of subsidiaries and associates	-	-	-	1,248	28	-	-	710	-	1,986	5,226	7,212
Changes in ownership interests in subsidiaries that do not result in a loss of control												
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(10,464)	(10,464)
Disposal of subsidiaries by non-controlling interests	-	-	-	-	-	-	-	-	-	-	(493)	(493)
Premium paid on acquisition of non-controlling interests	-	-	-	-	-	-	(1,451)	-	-	(1,451)	-	(1,451)
At 31 December 2010	266,143	(28,672)	32,568	48,395	1,477	(47,274)	(1,451)	2,353	505,515	779,054	1,192,281	1,971,335

At 1 January 2011 (restated)	266,143	(28,672)	32,568	48,395	1,477	(47,274)	(1,451)	2,353	505,515	779,054	1,192,281	1,971,335
Total comprehensive income for the year	-	-	-	(2,470)	-	13,810	-	-	83,306	94,646	206,972	301,618
Transactions with owners, recorded directly in equity												
<i>Contributions by and distributions to owners</i>												
Shares issued during the year	687	-	-	-	-	-	-	-	-	687	-	687
Cost of share-based payment	-	-	-	-	570	-	-	-	-	570	-	570
Transfer to capital reserve	-	728	-	-	-	-	-	-	(728)	-	-	-
Transfer to statutory reserve	-	-	1,234	-	-	-	-	-	(1,234)	-	-	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(37,383)	(37,383)	-	(37,383)
Reserve attributable to disposal group classified as held-for-sale	-	(903)	-	-	-	4,803	-	(3,900)	-	-	-	-
Realisation of reserves on disposal of assets held-for-sale	-	25,699	-	835	-	984	-	1,547	(25,693)	3,372	2,091	5,463
Realisation of reserves on disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid/payable to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(90,532)	(90,532)
Realisation of reserves on liquidation of a subsidiary	-	711	-	-	-	(37)	-	-	-	674	(205)	469
Changes in ownership interests in subsidiaries that do not result in a loss of control												
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(68,372)	(68,372)
Discount on acquisition of non-controlling interests	-	-	-	-	-	-	12,597	-	-	12,597	-	12,597
At 31 December 2011	266,830	(2,437)	33,802	46,760	2,047	(27,714)	11,146	-	523,783	854,217	1,242,235	2,096,452

1(d)(i) Statement of changes in equity for the year ended 31 December (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 2010	264,996	9,199	5	1,496	48,326	324,022
Total comprehensive income for the year	-	-	3	-	18,016	18,019
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Share issued during the year	1,147	-	-	-	-	1,147
Reversal of share-based payments	-	-	-	(72)	-	(72)
Dividends paid to shareholders	-	-	-	-	(37,354)	(37,354)
At 31 December 2010	266,143	9,199	8	1,424	28,988	305,762

At 1 January 2011	266,143	9,199	8	1,424	28,988	305,762
Total comprehensive income for the year	-	-	(8)	-	42,068	42,060
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Share issued during the year	687	-	-	-	-	687
Cost of share-based payments	-	-	-	570	-	570
Dividends paid to shareholders	-	-	-	-	(37,383)	(37,383)
At 31 December 2011	266,830	9,199	-	1,994	33,673	311,696

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

	Number of Shares	Issued and Paid-Up Capital
Ordinary Shares		\$'000
Balance as at 1 January 2011	373,573,359	266,143
Shares issued for cash upon the exercise of options under the Hong Leong Asia Share Option Scheme 2000 (the "Scheme")	335,200	687
Balance as at 31 December 2011	373,908,559	266,830

The Company did not hold any treasury shares as at 31 December 2011 and 31 December 2010.

There had been no change in the number of ordinary shares in issue as at 31 December 2010 and 1 January 2011.

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

During the year, the following options were exercised pursuant to the terms of the Scheme:

Year of Grant	Exercise Price Per Share	FY 2011	Cumulative To Date
2001	\$0.41	-	6,107,000
2002	\$1.00	-	1,153,800
2003	\$1.79	-	-
2004	\$1.51	-	809,000
2005	\$1.28	-	247,700
2007	\$1.88	85,000	1,031,400
2008	\$2.36	183,200	380,000
2009	\$1.42	67,000	100,000
2011	\$3.17	-	-
2011	\$2.62	-	-
Total		335,200	9,828,900

As at 31 December 2011, there were a total of 1,290,000 (31 December 2010: 805,200) unissued shares under options 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	620,000
2011	\$2.62	200,000
Total		1,290,000

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.

Please refer to item 1(d)(ii)(A) above.

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 year ended 31 December 2011.

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 2010.

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 February 2010. Insofar as the Group is concerned, these revised accounting standards are effective on 1 January 2011 as 2011 is the first annual period for the Group subsequent to 1 February 2010. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendment to FRS 32 <i>Financial Instruments: Presentation - Classification of Rights Issues</i>	1 February 2010
INT FRS 119 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2010
Revised FRS 24 <i>Related Party Disclosures</i>	1 January 2011
Amendments to INT FRS 114 <i>Prepayments of a Minimum Funding Requirement</i>	1 January 2011
INT FRS 115 <i>Agreements for the Construction of Real Estate</i>	1 January 2011

Except for the revised FRS 24, the adoption of the other standards and interpretations above has no material impact on the financial statements of the Group.

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationship and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group.

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	
	2011	2010 (restated)
Earnings per ordinary share based on net profit attributable to shareholders		
(i) Based on the weighted average number of ordinary shares in issue (cts)	22.29	34.01
(ii) On a fully diluted basis (cts)	22.29	33.96

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	
	31/12/2011	31/12/2010 (restated)	31/12/2011	31/12/2010
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 31 December 2011 and as at 31 December 2010 (cts)	228.46	208.54	83.36	81.85

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.

2011 versus 2010

Revenue for the year declined by 9.3% year-on-year due largely to the difficult operating environment in China. This was due to a combination of factors from measures taken by the Chinese government to combat inflation including tightening of liquidity to the challenges faced by the white goods industry.

The diesel engines unit ("Yuchai") sold 511k engines during the year, a decline of 7.4% compared to the previous year. The decline was due largely to the policies adopted by the Chinese government to combat inflation and the shift in the market towards higher demand for off-highway engines compared to the previous year. In addition, a higher proportion of light duty engines was sold as compared to the more expensive medium duty engines. Although the consumer products unit ("Xinfei") added washing machine as a new product line during the year, the overall sale of white goods was lower than last year by 5.7%. The decline was largely due to the scaling back of the air conditioning business and decline in the sales of fridges and freezers. The difficult economic condition in China also resulted in the drop in sales in the industrial packaging unit ("Rex"). The Group's green technology business ("GPac") sold more pallets but the contribution to the revenue is insignificant. The building materials unit ("BMU") registered a drop in revenue due mainly to the disposal of the Group's interest in Angkasa (a jointly controlled entity involved in steel fabrication products). Had the FY2010 sales from Angkasa been excluded, BMU would have shown a gain of about 2% for FY2011 as compared to FY2010. The gain was the result of higher demand for building materials in Singapore and Malaysia. There was also an unfavourable impact of \$138 million to the Group revenue due to stronger Singapore dollar against the Renmimbi, relating to Xinfei and Yuchai.

Gross profit declined by 16.7% and gross margin declined by 2 percentage point year-on-year primarily due to lower volume in all business units with the exception of BMU and the shift towards lower margin diesel engines sales in Yuchai. This was partly compensated by the improvement in BMU's margin which came primarily from the sale of ready-mix concrete. In addition, Yuchai, Xinfei and Rex were affected by the increase in labour and raw material costs. In 2010, the Group also had the benefit of the reversal of inventory reserves in Yuchai due to the consumption and sale of parts that were previously provided for. Stronger Singapore dollar against the Renminbi affected the Group's gross profit by about \$31 million.

Other income decreased by \$6.2 million in FY2011 due mainly to lower bank interest income and higher exchange loss. Included in the other income was, a gain of \$26 million from the sale of Karimun quarry. There was a gain on disposal of property, plant and equipment of \$19.4 million taken up in FY2010.

Selling and distribution expenses registered a drop in line with the decline in revenue. Total decline was 11.4%. However, selling and distribution expenses as a percentage of sales in 2011 was 10.8% which was slightly lower than the previous year ratio of 11.1%. The slight improvement in ratio came mainly from Yuchai where lower sales incentives, freight and delivery charges, and warranty expenses were incurred. These were partially offset by the increase in staff costs in both Yuchai and Xinfei .

Research and development expenses did not vary substantially compared to the previous year as the increase incurred by Xinfei was mitigated by the reduction in Yuchai.

The increase in general and administrative expenses came mainly from Yuchai due mainly to the increase in depreciation and amortization costs and impairment losses related to the hospitality industry by a subsidiary of the Group

Finance cost increased by 14.2% during the year due to the tightening of liquidity in China causing the interest rates to rise significantly. The increase was mitigated by the issuance of short term corporate bonds in China by Yuchai at lower interest rates.

The Group's interests in the two associates of Tasek which were previously considered for disposal and were accordingly treated as "Assets classified as held-for-sale". However, the divestment plan had since been aborted and as such the investments are now considered as associates. We have adjusted the share of profit from associates relating to FY2009 and FY2010 to the prior years and have restated the prior years financial statements in accordance with the requirements of FRS 28.

Income tax expense in 2011 was lower due to lower profit before tax and tax credit recognised by the Group's Malaysian subsidiary. In addition, one of Xinfei's entities recorded a higher deferred tax asset balance due to a change in tax rate from 15% in 2010 to 25% in 2011. This resulted in a tax credit being recognised in the current year.

Working Capital and Cash Flow

The Group ended the year with a slightly higher cash balance of \$1.2 billion compared to the previous year.

Cash used in operating activities was \$297 million. The cash utilization was mainly to fund the increase in trade and other receivables. Yuchai changed its funding method from discounting of bank bills to the issuance of short term corporate bonds at lower interest rates. More bills are now held for longer periods which resulted in the increase in trade and other receivables. The reduction in funding from trade and other payables was due to earlier payment to supplier and reduction in advance payment from customers in Xinfei.

During the year, the Group's net cash outflow for investing activities was \$229 million. The funds were mainly used to fund capital investments in projects as well as plant and machineries by Yuchai and purchase of additional shares in CYI.

To control the finance costs, Yuchai issued about \$466 million worth of short term corporate bonds to fund its working capital instead of discounting the bills. The corporate bonds were issued with interest rates ranging from 4.59% to 5.77% for one year duration. In addition, both Yuchai and Xinfei also increased their bank borrowings during the year.

9. Where a forecast, or a 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 economy continues to be affected by challenges and uncertainties surrounding the economies in Europe with growth forecast for 2012 slashed to 3.3% from 3.9% by International

Monetary Fund (“IMF”). IMF recently forecast that the eurozone economy will go into a mild recession with a revised growth forecast of negative 0.5%. The growth of US economy, on the other hand, is maintained at 1.8%. As a result of the worsening external environment, the economic growth of the countries in Asia where the Group operates in is likely to be slower compared to the previous year. China’s economic growth is forecast to slow to 8.2% in 2012 compared with 9.2% last year and Singapore’s economy is forecast to grow at a reduced rate of between 1.0 to 3.0% in 2012 compared to a growth of 4.9% in 2011.

In China, where the Group has the largest exposure, the liquidity remained tight although its government had indicated that the banks’ reserve requirement ratio will be lowered in 2012. As a result, interest rates continued to be high. The process of leadership change is currently in progress and will continue to the later part of this year. A new group of top leaders is expected to be appointed to replace the existing team. It is not likely that major policy changes will take place during the transition period.

Operating costs in China have been on the uptrend, in particular, there has been an increase in minimum wage across the country in recent years. Operating costs is expected to continue to increase as China continues to grow.

Diesel engine industry continues to be challenging with the tight liquidity and high interest rate resulting from the government measures. The shift in product mix to smaller engines and off-highway engines is likely to continue into this year and the industry continues to see weaknesses in the truck industry. The government incentive to replace old appliances with new and rural subsidy program had the effect of increasing the ownership rate of new appliances in the white goods industry. However, these incentive programs will soon be phased out by early next year. On the other hand, Singapore government’s plan to increase the construction of more flats and Malaysia government’s plan to construct a new mass rapid transit system will help boost the building materials industry in both countries.

Barring any unforeseen circumstances including any change in policies of 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.

As part of the Group’s efforts to grow its businesses and enhance shareholders’ value, the Group will continue to explore investment and divestment opportunities. As and when these opportunities materialize, appropriate announcements will be made.

11. Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	Interim (Paid)	Proposed Final
Dividend Type	Cash	Cash
Dividend Amount per Share (in cents)	3 cents per ordinary share	5 cents per ordinary share
Tax Rate	Tax Exempt (1-tier)	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 (Paid)	Final (Paid)
Dividend Type	Cash	Cash
Dividend Amount per Share (in cents)	3 cents per ordinary share	7 cents per ordinary share
Tax Rate	Tax Exempt (1-tier)	Tax Exempt (1-tier)

(c) Date payable

21 May 2012

(d) Books closure date

5.00 p.m. on 9 May 2012

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 year ended 31 December 2011.

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.

14 (a)(i). Business Segments

The Group determines and presents operating segments based on the information provided internally to the Group's chief operating decision maker (CODM).

\$' 000	Consumer products	Industrial packaging	Building materials	Diesel engines	Others ⁽¹⁾	Total
2011						
External revenue	984,039	91,588	481,858	3,036,824	31,236	4,625,545
Interest revenue	294	186	5,840	9,479	310	16,109
Interest expense	(5,901)	(811)	(272)	(29,121)	(3,966)	(40,071)
Depreciation and amortisation	(14,562)	(3,227)	(22,436)	(78,832)	(6,751)	(125,808)
Reportable segment (loss)/profit before income tax	(51,661)	(1,325)	83,992	249,746	(4,009)	276,743
Share of profit/(loss) of associates, net of tax	-	-	9,989	(63)	357	10,283
Reportable segment (loss)/profit after income tax	(43,943)	(946)	67,643	212,006	(5,346)	229,414
2010 (restated)						
External revenue	1,113,098	96,356	513,942	3,341,297	36,779	5,101,472
Interest revenue	387	105	3,950	14,664	197	19,303
Interest expense	(4,314)	(1,045)	(451)	(23,297)	(4,170)	(33,277)
Depreciation and amortisation	(17,242)	(3,928)	(24,272)	(58,469)	(6,908)	(110,819)
Reportable segment profit/(loss) before income tax	34,985	5,626	75,100	378,585	(3,711)	490,585
Share of profit/(loss) of associates, net of tax	-	1,817	10,718	(133)	109	12,511
Reportable segment profit/(loss) after income tax	31,204	6,184	61,654	315,481	(2,278)	412,245

(1) Others relate to hospitality and property development operations.

14 (a)(i). Business Segments (Cont'd)

Reconciliation of reportable segment revenue and profit before income tax

	2011 \$'000	2010 \$'000 (restated)
Revenue		
Total revenue for reportable segments	4,594,309	5,064,693
Other revenue	31,236	36,779
Consolidated revenue	4,625,545	5,101,472
Profit or loss		
Total profit before income tax for reportable segments	280,752	494,296
Other loss	(4,009)	(3,711)
	276,743	490,585
Elimination of inter-segment profits		
Unallocated amounts:		
- Other corporate profit/(loss)	9,420	(24,499)
Consolidated profit before income tax	286,163	466,086

14 (a)(ii). Geographical Segments

\$'000	China (including Hong Kong)	Singapore	Malaysia	Indonesia	Others	Consolidated
2011						
Total revenue from external customers	4,096,586	253,071	251,634	457	23,797	4,625,545
2010 (restated)						
Total revenue from external customers	4,532,055	285,322	257,788	290	26,017	5,101,472

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.

Please refer to section 8 above.

16. A breakdown of sales.

	Group		
	2011 \$'000	2010 (restated) \$'000	Increase/ (Decrease)
Sales reported for first half	2,482,890	2,831,328	-12.3%
Operating profit after tax before deducting non-controlling interests reported for first half year	128,499	181,072	-29.0%
Sales reported for second half	2,142,655	2,270,144	-5.6%
Operating profit after tax before deducting non-controlling interests reported for second half	117,843	213,404	-44.8%

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	29,911	37,375
Preference	0	0
Total:	29,911	37,375

The figure under the latest full year comprises:

- (i) the net interim dividend for the financial year ended 31 December 2011 that was paid on 26 September 2011; and
- (ii) the proposed final dividend for the financial year ended 31 December 2011 which is subject to shareholders' approval at the forthcoming Annual General Meeting, and calculated based on 373,908,559 issued shares in the capital of the Company as at 29 February 2012.

The figure under the previous full year comprises net interim and final dividends paid in respect of the financial year ended 31 December 2010.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Kwek Leng Peck	55	Cousin of Mr Kwek Leng Beng, Chairman of Hong Leong Asia Ltd. ("HLA").	Executive Director of HLA since April 1998. - Responsible for strategic decision making and control of significant activities within the Group.	Ceased to be Acting Chief Executive Officer of HLA with effect from 18 May 2011.
Kwek Kon Chun	32	Nephew of: (i) Mr Kwek Leng Beng, Chairman of HLA; and (ii) Mr Kwek Leng Peck, Executive Director of HLA.	Vice President, Corporate Management of HLA, since 1 July 2006. - Responsible for the corporate development and management of HLA's business plans and assist in overseeing the Group's strategic management initiatives: (a) Quality & Productivity Programme (b) Financial Discipline & Control (c) Human Capital Management - Assist in overseeing some of the Group's overseas investments.	Nil

BY ORDER OF THE BOARD

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

29 February 2012