

**Unaudited First Quarter Financial Statement For The Period Ended 31 March 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 first quarter ended 31 March ("1Q") 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**

	<b>1Q 2013</b>	<b>Group 1Q 2012</b>	<b>+/-</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>Revenue</b>	1,107,769	1,098,368	0.9%
Cost of sales	(863,670)	(854,310)	1.1%
<b>Gross profit</b>	<b>244,099</b>	<b>244,058</b>	<b>0.0%</b>
Other income	13,127	18,611	-29.5%
Selling and distribution expenses	(110,208)	(111,085)	-0.8%
Research and development costs	(23,423)	(20,186)	16.0%
General and administrative expenses	(44,920)	(43,287)	3.8%
Finance costs	(14,761)	(23,424)	-37.0%
<b>Profit from operations</b>	<b>63,914</b>	<b>64,687</b>	<b>-1.2%</b>
Share of profit of associates and jointly-controlled entity, net of tax	1,484	1,930	-23.1%
<b>Profit before income tax</b>	<b>65,398</b>	<b>66,617</b>	<b>-1.8%</b>
Income tax expense	(15,119)	(12,987)	16.4%
<b>Profit for the period</b>	<b>50,279</b>	<b>53,630</b>	<b>-6.2%</b>
<b>Attributable to:</b>			
Owners of the Company	14,424	13,925	3.6%
Non-controlling interests	35,855	39,705	-9.7%
	<b>50,279</b>	<b>53,630</b>	<b>-6.2%</b>

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

	1Q 2013	Group 1Q 2012	+/-
	\$'000	\$'000	%
<b>Profit from operations include the following:</b>			
Gain/(loss) on disposal of property, plant and equipment <sup>(1)</sup>	2,921	(525)	NM
Impairment losses recognised on property, plant and equipment <sup>(2)</sup>	0	(599)	NM
Impairment losses written back/(recognised) for trade and other receivables, net	1,726	(225)	NM
Allowance (made)/written back for inventories write down, net <sup>(3)</sup>	(1,197)	1,241	NM
Depreciation and amortisation	(28,569)	(28,289)	1.0%
Foreign exchange (loss)/gain, net <sup>(4)</sup>	(1,958)	4,422	NM

NM: Not meaningful

- (1) Gain on disposal of property, plant and equipment in 1Q 2013 mainly related to the sale of equipment by the Group's Green Packaging Unit ("GPac"). Loss on disposal of property, plant and equipment in 1Q 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.
- (2) Impairment losses in 1Q 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 while the Group's consumer products unit ("Xinfei") made further allowance for inventories write down in both comparative periods.
- (4) Foreign exchange loss in 1Q 2013 mainly arose from translation of monetary assets and liabilities following a weakening of Singapore dollar vis-à-vis United States dollar and Renminbi ("RMB") at the end of 1Q 2013. The foreign exchange gain in 1Q 2012 was largely due to the strength of Singapore dollar vis-à-vis RMB at the end of 1Q 2012.

### 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 \$8,000 in 1Q 2013 and an under provision of \$1,582,000 in 1Q 2012 in respect of prior years.

## 1(a)(iv) Statement of Comprehensive Income

	1Q 2013	Group 1Q 2012	+/-
	\$'000	\$'000	%
<b>Profit for the period</b>	<b>50,279</b>	<b>53,630</b>	<b>-6.2%</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of financial statements of foreign subsidiaries and associates	34,954	(35,241)	NM
Net fair value changes	(86)	(1,154)	-92.5%
<b>Total other comprehensive income for the period, net of tax</b>	<b>34,868</b>	<b>(36,395)</b>	<b>NM</b>
<b>Total comprehensive income for the period</b>	<b>85,147</b>	<b>17,235</b>	<b>394.0%</b>
<b>Attributable to:</b>			
Owners of the Company	25,598	5,894	334.3%
Non-controlling interests	59,549	11,341	425.1%
<b>Total comprehensive income for the period</b>	<b>85,147</b>	<b>17,235</b>	<b>394.0%</b>

**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	
	31.03.2013	31.12.2012	31.03.2013	31.12.2012
<b>Non-current assets</b>				
Property, plant and equipment	1,262,716	1,233,263	736	502
Land use rights	130,021	127,195	-	-
Intangible assets	110,907	110,200	317	320
Investment in subsidiaries	-	-	213,344	213,344
Interests in associates	58,299	56,492	13,726	13,726
Other investments	787	716	-	-
Deferred tax assets	97,485	94,536	25	25
Non-current receivables	10,577	10,423	-	-
	<b>1,670,792</b>	<b>1,632,825</b>	<b>228,148</b>	<b>227,917</b>
<b>Current assets</b>				
Other investments	7,661	10,900	4	4
Inventories	697,701	602,242	-	-
Development properties	9,746	10,288	-	-
Trade and other receivables	1,807,303	1,617,736	257,081	247,117
Cash and short-term deposits	1,072,044	1,000,806	1,949	10,868
Assets classified as held-for-sale	19,905	21,087	-	-
	<b>3,614,360</b>	<b>3,263,059</b>	<b>259,034</b>	<b>257,989</b>
<b>Current liabilities</b>				
Trade and other payables	1,916,376	1,743,676	39,374	39,653
Provisions	71,808	69,297	-	-
Loans and borrowings	856,204	711,330	139,277	139,078
Current tax payable	23,802	26,591	331	331
Liabilities classified as held-for-sale	3,849	3,771	-	-
Derivatives	179	-	-	-
	<b>2,872,218</b>	<b>2,554,665</b>	<b>178,982</b>	<b>179,062</b>
<b>Net current assets</b>	<b>742,142</b>	<b>708,394</b>	<b>80,052</b>	<b>78,927</b>
<b>Non-current liabilities</b>				
Loans and borrowings	197,655	203,201	-	-
Deferred tax liabilities	48,701	45,534	1,421	1,421
Deferred grants	64,401	65,891	-	-
Other non-current payables	5,085	14,693	-	-
Retirement benefits	238	200	-	-
	<b>316,080</b>	<b>329,519</b>	<b>1,421</b>	<b>1,421</b>
<b>Net assets</b>	<b>2,096,854</b>	<b>2,011,700</b>	<b>306,779</b>	<b>305,423</b>
<b>Capital and reserves</b>				
Share capital	266,830	266,830	266,830	266,830
Reserves	533,006	507,401	39,949	38,593
	799,836	774,231	306,779	305,423
Non-controlling interests	1,297,018	1,237,469	-	-
<b>Total Equity</b>	<b>2,096,854</b>	<b>2,011,700</b>	<b>306,779</b>	<b>305,423</b>

## **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 during the quarter was due mainly to the increase in inventories and trade and other receivables in both Yuchai and Xingfe. The increase was partially offset by the maturity and discounting of bills.
- The higher current liabilities were due mainly to the increase in trade payables by Yuchai which was partially offset by the reduction in its bills payable. In addition, Xingfe had increased its borrowings in preparation for the peak season in the second quarter of 2013.

### **Company**

- There was no significant movement in the Company's balance sheet during the quarter under review.

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

#### **Amount repayable in one year or less, or on demand**

As at 31.03.2013		As at 31.12.2012	
Secured	Unsecured	Secured	Unsecured
\$76,805,433	\$779,398,349	\$71,137,546	\$640,192,566

#### **Amount repayable after one year**

As at 31.03.2013		As at 31.12.2012	
Secured	Unsecured	Secured	Unsecured
\$175,145,999	\$22,509,236	\$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 31 March 2013 of \$296,536,000 (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.**

	1Q 2013 \$'000	1Q 2012 \$'000
<b>Operating activities</b>		
Profit before tax	65,398	66,617
Adjustments for:		
Share of profit of associates, net of tax	(1,484)	(1,930)
Cost of share-based payments	7	83
Depreciation and amortisation	28,569	28,289
Allowance recognised/(written back) for inventories write-down	1,197	(1,241)
Impairment losses (written back)/recognised for trade and other receivables	(1,726)	225
Impairment losses recognised on property, plant and equipment	-	599
Finance costs	14,761	23,424
Interest income	(4,534)	(5,058)
(Gain)/loss on disposal of:		
- property, plant and equipment	(2,921)	525
Fair value gain on investments	(209)	(1,140)
Fair value loss on derivatives	179	-
Provision for warranties and other costs, net	15,342	19,085
<b>Operating profit before working capital changes</b>	<u>114,579</u>	<u>129,478</u>
Changes in working capital:		
Inventories	(84,694)	(35,702)
Trade and other receivables	(159,193)	204,237
Trade and other payables	128,910	55,139
Provisions utilised	(14,169)	(18,190)
<b>Cash flows (used in)/from operations</b>	<u>(14,567)</u>	<u>334,962</u>
Income tax paid	(16,905)	(14,226)
<b>Cash flows (used in)/from operating activities</b>	<u>(31,472)</u>	<u>320,736</u>
<b>Investing activities</b>		
Purchase of treasury shares in a subsidiary from non-controlling interests	-	(8,482)
Interest received	6,154	5,861
Purchase of:		
- property, plant and equipment	(34,396)	(24,747)
- land use rights	(1,704)	-
- intangible assets	(149)	(345)
- other investments	-	(5)
Proceeds from disposal of:		
- property, plant and equipment	2,482	912
- assets held-for-sale	-	7,650
- other investments	4,268	-
<b>Net cash flows used in investing activities</b>	<u>(23,345)</u>	<u>(19,156)</u>
<b>Financing activities</b>		
Interest paid	(16,184)	(34,876)
Proceeds from borrowings	234,543	30,688
Release of restricted deposits with banks	-	22
Grant received from government	1,159	761
Repayment in respect of borrowings	(109,763)	(134,545)
Repayment of obligation under finance leases	(280)	(3)
Redemption of short-term bonds	-	(199,467)
<b>Net cash flows from/(used in) financing activities</b>	<u>109,475</u>	<u>(337,420)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	54,658	(35,840)
Cash and cash equivalents at beginning of the period	953,270	1,208,271
Effect of exchange rate changes on balances held in foreign currencies	18,842	(20,104)
<b>Cash and cash equivalents at end of the period</b>	<u>1,026,770</u>	<u>1,152,327</u>
Comprising:		
Cash and short-term deposits	1,072,044	1,152,951
Less: Bank overdraft	(94)	(624)
Restricted deposits	(45,180)	-
	<u>1,026,770</u>	<u>1,152,327</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 \$'000	Accumulated profits \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>The Group</b>												
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
<b>Transactions with owners, recorded directly in equity</b>												
<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
<b>The Group</b>												
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
<b>Transactions with owners, recorded directly in equity</b>												
<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

Statement of Changes In Equity	Share capital \$'000	Capital reserve \$'000	Equity		Accumulated profits \$'000	Total equity \$'000
			compensation reserve \$'000	reserve \$'000		
<b>The Company</b>						
At 1 January 2012	266,830	9,199	1,994	-	33,673	311,696
Total comprehensive income for the period	-	-	-	-	719	719
<b>Transactions with owners, recorded directly in equity</b>						
<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
<b>The Company</b>						
At 1 January 2013	266,830	9,199	2,294	-	27,100	305,423
Total comprehensive income for the period	-	-	-	-	1,349	1,349
<b>Transactions with owners, recorded directly in equity</b>						
<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

**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 31 March 2013 and 31 March 2012.

There was no change in the Company's issued share capital during the three months ended 31 March 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 31 March 2013.

As at 31 March 2013, there were a total of 980,000 (31 March 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	510,000
Total		980,000

**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 31 March 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 31 March 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	
	1Q 2013	1Q 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)	3.86	3.72
(ii) On a fully diluted basis (cts)	3.86	3.72

**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	
	31.3.2013	31.12.2012	31.3.2013	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 31 March 2013 and as at 31 December 2012 (cts)	213.91	207.06	82.05	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.**

Revenue for the Group increased slightly from \$1,098.4 million in 1Q 2012 to \$1,107.8 million for the quarter under review, an increase of 0.9%. The increase was mainly due to the inclusion of \$6.4 million revenue from the climate control unit ("Airwell") which was acquired in April 2012 and higher revenue from the diesel engines unit ("Yuchai"). Profit attributable to the owners of the Company improved by 3.6% to \$14.4 million from \$13.9 million in 1Q 2012.

The Group's consumer products unit ("Xinfei") continued to be affected by keen competition and over capacity in the industry. Unit sales were down compared to the same period last year but the decline was partially mitigated by the improvement in the average selling price from the new products that were launched towards the end of last year. Sales in 1Q 2012 also benefitted from the tail-end of the rural subsidy incentive programs.

Unit sales of diesel engines in 1Q 2013 were marginally lower than the same period last year. The reduction in sales volume relates to engines used in truck, industrial and marine applications while the demand for bus and agriculture engines registered an increase. Despite the drop in unit sales, revenue for Yuchai increased by 4.5% due largely to better average selling price. 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 declined by 6.8% compared to 1Q 2012. The decline was in both the truck and bus segments.

Revenue for the building materials unit ("BMU") dropped marginally in 1Q 2013 compared with 1Q 2012. The decline was due to the intense price competition in the Malaysian market resulting in lower pricing for cement sales for Tasek Corporation Berhad ("Tasek"). However, the improved performance of the Singapore operations had largely offset the decline suffered by Tasek.

Sales for the industrial packaging unit ("Rex") declined by about 6.7% or \$1.5 million compared to 1Q 2012.

Although the Group's revenue for 1Q 2013 increased marginally compared to 1Q 2012, the gross profit was flat resulting in a lower margin of 22.0% for the quarter under review. The gross margin in 1Q 2012 was 22.2%. The lower margin was due largely to higher labour cost and lower volume to leverage the fixed production overheads. Overall raw material cost as a percentage of sales for the Group increased slightly compared to the same period last year. There was an improvement in Xinfei's margin resulting from better pricing. Yuchai's margin continued to be affected by the shift in sales mix to lower margin 4-cylinder engines compared to 1Q 2012. Rex's margin improved marginally while BMU's margin deteriorated due largely to higher raw material costs and rebates incurred by Tasek.

The reduction in other income was due mainly to exchange loss for 1Q 2013 compared to a gain in the same quarter last year. The effect was mitigated by a gain on disposal of property, plant and equipment by GPac which has ceased operation and higher government grant received by Yuchai.

Selling and distribution ("S&D") expenses as a percentage of sales at 9.9% were marginally lower than in 1Q 2012.

1Q 2013 R&D expenses increased by \$3.2 million or 16.0% over 1Q 2012 due mainly to the increase in consultancy fees and testing expenses incurred by Yuchai and inclusion of R&D expenses incurred by Airwell.

G&A expenses for 1Q 2013 of \$44.9 million was \$1.6 million higher than the same period last year mainly attributable to higher staff costs and the inclusion of Airwell's G&A expenses.

The significant decline in finance costs compared to the same period last year was due mainly to lower discounting of bills by both Xinfei and Yuchai and the higher amount of RMB-denominated, unsecured short term financing bonds issued by Yuchai that was outstanding in 1Q 2012.

The higher income tax expense in 1Q 2013 compared to the same period last year was due mainly to the provision taken up for withholding tax on dividend.

Profit attributable to the owners of the Company improved from \$13.9 million in 1Q 2012 to \$14.4 million for the same period this year.

### **Working Capital and Cash Flow**

The Group had cash and short-term deposits of \$1,072.0 million at the end of 1Q 2013 compared to \$1,153.0 million at the end of 1Q 2012, a reduction of \$81.0 million.

During the period under review, the Group used \$31.5 million for operating activities compared to \$320.7 million generated in 1Q 2012. The reduction in operating cash was attributed mainly to the increase in bills receivables (due to less discounting), and the increase in trade receivables and inventories, which was partially offset by higher trade and other payables.

The Group incurred \$34.4 million for the purchase of property, plant and equipment, mainly by Yuchai, for the quarter under review.

Xinfei increased its borrowings during 1Q 2013 in preparation for the peak season in the second quarter of 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 recent global 2013 economic growth forecast by International Monetary Fund has dropped slightly to 3.3% compared to 3.5% 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. The United States' economy is now forecast to grow by 1.9% while the Eurozone's economy is expected to shrink by 0.3%. China, the biggest economy in Asia, is expected to grow at a slower rate of 8.0% in 2013. The 2013 forecast growth for Singapore's economy remained at between 1% and 3% while the Malaysian economy is expected to maintain its strong growth between 4% and 6%.

Operating costs are expected to increase further as China continues to increase the 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 are targeted to be implemented throughout China on July 1, 2013. Yuchai has the capability of producing National IV emission standard diesel engines. However, the white goods industry is expected to remain challenging and continues to be highly competitive.

The positive outlook for Malaysia and Singapore building materials industries is expected to continue. However, recent measures announced in the last budget announcement in Singapore relating to foreign workers will have a significant impact on the cost of operation. The implementation of infrastructure programs in Malaysia under the 10<sup>th</sup> Malaysia Plan and the Economic Transformation Program is expected to benefit the construction industry in the country.

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. 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? No

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? No

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend is declared / recommended for the current financial period under review.

**13. Interested persons transactions**

Name of Interested Person	Aggregate value of all interested person transactions for 1Q 2013 conducted under IPT mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Hong Leong Investment Holdings Pte. Ltd. and its associates - Raw materials purchased by the Group from the interested persons	\$122,584

**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

15 May 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 first quarter ended 31 March 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

15 May 2013