

Unaudited Third Quarter And Nine Months Financial Statement For The Period Ended 30 September 2014

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 third quarter ("3Q") and nine months ended 30 September ("YTD 3Q") 2014. These figures have not been audited or reviewed. Certain comparative figures for 3Q 2013 and YTD 3Q 2013 have been restated due to adoption of FRS 111 and reclassification of accounts to be consistent with FY 2014.

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

	3Q 2014	3Q 2013 (restated)	Group		+/-	
			+/-	YTD 3Q 2014		YTD 3Q 2013 (restated)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	1,025,533	1,034,281	-0.8%	3,447,773	3,280,910	5.1%
Cost of sales	(818,900)	(817,405)	0.2%	(2,757,622)	(2,599,281)	6.1%
Gross profit	206,633	216,876	-4.7%	690,151	681,629	1.3%
Other income	13,855	9,438	46.8%	32,048	32,390	-1.1%
Selling and distribution expenses	(97,716)	(102,231)	-4.4%	(306,546)	(304,166)	0.8%
Research and development costs	(30,499)	(25,024)	21.9%	(83,151)	(75,366)	10.3%
General and administrative expenses	(44,746)	(43,277)	3.4%	(128,591)	(125,584)	2.4%
Finance costs	(17,099)	(20,487)	-16.5%	(45,298)	(49,412)	-8.3%
Profit from operations	30,428	35,295	-13.8%	158,613	159,491	-0.6%
Share of results of associates and joint ventures, net of tax	1,317	1,057	24.6%	512	(137)	NM
Gains arising from acquisitions	19,390	-	NM	19,390	-	NM
Profit before income tax	51,135	36,352	40.7%	178,515	159,354	12.0%
Income tax expense	(12,117)	(11,378)	6.5%	(45,063)	(41,757)	7.9%
Profit for the period	39,018	24,974	56.2%	133,452	117,597	13.5%
Attributable to:						
Owners of the Company	4,057	3,219	26.0%	26,939	26,903	0.1%
Non-controlling interests	34,961	21,755	60.7%	106,513	90,694	17.4%
	39,018	24,974	56.2%	133,452	117,597	13.5%

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

	3Q 2014	3Q 2013 (restated)	Group			+/-
			+/-	YTD 3Q 2014	YTD 3Q 2013 (restated)	
Profit before income tax include the following:	\$'000	\$'000	%	\$'000	\$'000	%
(Loss)/gain on disposal of property, plant and equipment and land use rights ⁽¹⁾	(286)	(97)	194.8%	(1,447)	2,515	NM
Impairment losses on property, plant and equipment and intangible assets ⁽²⁾	(4,249)	-	NM	(4,737)	-	NM
Impairment losses written back/(recognised) for trade and other receivables, net ⁽³⁾	343	(1,668)	NM	(1,161)	583	NM
Allowance made for inventories obsolescence, net ⁽⁴⁾	(698)	(312)	123.7%	(1,690)	(2,090)	-19.1%
Depreciation and amortisation	(26,668)	(28,409)	-6.1%	(78,429)	(82,773)	-5.2%
Foreign exchange gain/(loss), net ⁽⁵⁾	4,106	(903)	NM	2,163	(2,888)	NM
Fair value (loss)/gain on derivatives ⁽⁶⁾	(6,578)	200	NM	(2,282)	1,034	NM
Waiver of trade payables ⁽⁷⁾	7,333	-	NM	7,333	-	NM
Gains arising from acquisitions ⁽⁸⁾	19,390	-	NM	19,390	-	NM

NM: Not meaningful

(1) Losses on disposal of property, plant and equipment in 3Q 2014, 3Q 2013 (restated) and YTD 3Q 2014 were 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. The gain on disposal of property, plant and equipment in YTD 3Q 2013 (restated) was mainly related to the sale of equipment by the Group's discontinued green packaging unit ("GPac").

(2) Impairment losses in both 3Q 2014 and YTD 3Q 2014 were mainly related to intangible assets in Yuchai.

(3) In 3Q 2014, Yuchai wrote back allowance for impairment losses for trade and other receivables upon successful collection of doubtful debts. This was partially offset by allowance for additional impairment losses made by the Group's consumer products unit ("Xinfei"). Impairment losses in 3Q 2013 (restated) was mainly due to Yuchai.

In YTD 3Q 2014, impairment losses for trade and other receivables arose mainly from Yuchai and Xinfei. In YTD 3Q 2013 (restated), the write-back of impairment losses for trade and other receivables was mainly due to Yuchai upon successful collection of doubtful debts.

(4) Allowance for inventories obsolescence in both comparative periods in 2013 and 2014 were mainly related to Xinfei.

(5) The net foreign exchange gain in 3Q 2014 arose mainly from revaluation of Japanese Yen ("JPY") denominated loan in Yuchai following the weakening of the JPY vis-a-vis Renminbi ("RMB"). The weakening of the Malaysian ringgit ("MYR") vis-a-vis Singapore dollar ("SGD") resulted in unrealized exchange loss for 3Q 2013 (restated).

The weakening of the MYR vis-a-vis SGD and the weakening of SGD vis-a-vis the United States dollar ("USD") and RMB resulted in unrealised exchange loss in YTD 3Q 2013 (restated).

(6) Fair value (loss)/gain on derivatives in both comparative periods in 2013 and 2014 were mainly related to Yuchai.

(7) Gain in 3Q 2014 and YTD 3Q 2014 arose from waiver of trade payables in Yuchai.

(8) Gains arising from acquisitions in 3Q 2014 were due to Guangxi Yuchai Machinery Company Limited increasing its shareholding interest in Yuchai Remanufacturing Services (Suzhou) Co., Ltd from 51% to 100% which resulted in a fair value gain and negative goodwill of \$13.2 million (RMB64.8 million). The balance was due to HL Global Enterprises Limited ("HLGE") increasing its shareholding interest in a hotel property company from 45% to 100%. These are preliminary assessments. There were no such gains in the same periods in 2013.

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 \$56,000 in 3Q 2014 (3Q 2013 (restated): under provision of \$50,000) in respect of prior years. The Group's tax charge for 3Q YTD 2014 included an over provision of \$169,000 (YTD 3Q 2013 (restated): over provision of \$614,000) in respect of prior years.

1(a)(iv) Statement of Comprehensive Income

	3Q 2014	Group 3Q 2013 (restated)	+/- %	YTD 3Q 2014 \$'000	Group YTD 3Q 2013 (restated) \$'000	+/- %
Profit for the period	39,018	24,974	56.2%	133,452	117,597	13.5%
Other comprehensive income						
Items that may be subsequently reclassified to Income statement						
Exchange differences on translation of financial statements of foreign subsidiaries, joint ventures and associated corporations	48,678	(12,377)	NM	(19,054)	71,571	NM
Net fair value changes	(87)	(13)	569.2%	(51)	(236)	-78.4%
Total other comprehensive income/(loss) for the period, net of tax	48,591	(12,390)	NM	(19,105)	71,335	NM
Total comprehensive income for the period	87,609	12,584	596.2%	114,347	188,932	-39.5%
Attributable to:						
Owners of the Company	18,907	(2,334)	NM	20,497	46,969	-56.4%
Non-controlling interests	68,702	14,918	360.5%	93,850	141,963	-33.9%
Total comprehensive income for the period	87,609	12,584	596.2%	114,347	188,932	-39.5%

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	
	30.9.2014	31.12.2013 (restated)	30.9.2014	31.12.2013
Non-current assets				
Property, plant and equipment	1,239,914	1,187,179	278	312
Land use rights	143,170	140,636	-	-
Intangible assets	107,385	107,974	251	275
Investment in subsidiaries	-	-	204,455	204,455
Interests in associates	61,492	60,196	13,726	13,726
Interests in joint ventures	56,610	64,654	-	-
Other investments	1,718	1,738	-	-
Deferred tax assets	103,411	104,694	11	11
Non-current receivables	6,586	9,190	-	-
Long-term bank deposits	-	38,647	-	-
	1,720,286	1,714,908	218,721	218,779
Current assets				
Other investments	5,283	5,923	1	6
Inventories	608,963	666,057	-	-
Development properties	8,141	8,215	-	-
Trade and other receivables	2,166,070	2,033,017	327,741	285,480
Cash and short-term deposits	860,241	1,017,226	1,509	2,010
Derivatives	2,298	571	-	-
	3,650,996	3,731,009	329,251	287,496
Current liabilities				
Trade and other payables	1,890,382	2,011,244	52,587	41,740
Provisions	80,240	79,215	-	-
Loans and borrowings	634,054	557,747	108,921	84,698
Current tax payable	20,860	32,612	420	374
Derivatives	5,019	962	-	-
	2,630,555	2,681,780	161,928	126,812
Net current assets	1,020,441	1,049,229	167,323	160,684
Non-current liabilities				
Loans and borrowings	361,974	392,161	60,000	60,000
Deferred tax liabilities	45,917	50,240	1,837	1,837
Deferred grants	68,327	68,371	-	-
Other non-current payables	24,136	24,408	-	-
Retirement benefits	317	564	-	-
	500,671	535,744	61,837	61,837
Net assets	2,240,056	2,228,393	324,207	317,626
Capital and reserves				
Share capital	266,830	266,830	266,830	266,830
Reserves	582,461	574,460	57,377	50,796
	849,291	841,290	324,207	317,626
Non-controlling interests	1,390,765	1,387,103	-	-
Total Equity	2,240,056	2,228,393	324,207	317,626

Explanatory Notes to Statement of Financial Position

Group

- The increase in non-current assets was mainly due to additional capital expenditure incurred by Yuchai. This was partially offset by the reclassification of long-term bank deposits to short-term bank deposits and a decrease in interests in joint ventures as a result of acquisitions during 3Q 2014 (refer to 1(a)(ii) Note 8).
- The decrease in current assets was mainly due to lower inventories and cash and short-term deposits but was partially offset by the increase in trade receivables in Yuchai.
- Current liabilities decreased mainly due to reduction in trade and other payables by Yuchai. It was partially offset by higher loans and borrowings in Yuchai.
- Non-current liabilities decreased mainly due to settlement of loans and borrowings by the building materials unit (“BMU”).

Company

- Trade and other receivables increased due mainly to loans (non-trade) granted to the air-conditioning systems unit (“Airwell”) in the first quarter of 2014 and Xinfei in 3Q 2014.

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

Amount repayable in one year or less, or on demand

As at 30.9.2014		As at 31.12.2013 (restated)	
Secured	Unsecured	Secured	Unsecured
\$97,576,150	\$536,477,693	\$154,030,485	\$403,716,461

Amount repayable after one year

As at 30.9.2014		As at 31.12.2013 (restated)	
Secured	Unsecured	Secured	Unsecured
\$89,242,373	\$272,731,548	\$124,379,149	\$267,781,639

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 September 2014 of \$296,655,000 (31 December 2013 (restated): \$413,537,000).

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

	3Q 2014 \$'000	3Q 2013 \$'000 (restated)	YTD 3Q 2014 \$'000	YTD 3Q 2013 \$'000 (restated)
Operating activities				
Profit before tax	51,135	36,352	178,515	159,354
Adjustments for:				
Share of results of associates and joint ventures, net of tax	(1,317)	(1,057)	(512)	137
Cost of share-based payments	179	15	209	28
Depreciation and amortisation	26,668	28,409	78,429	82,773
Allowance written back for inventories obsolescence	698	312	1,690	2,090
Impairment losses (written back)/recognised for trade and other receivables	(343)	1,668	1,161	(583)
Impairment losses on property, plant and equipment and intangible assets	4,249	-	4,737	-
Finance costs	17,099	20,487	45,298	49,412
Dividend income from other investments	(15)	(19)	(249)	(257)
Interest income	(5,285)	(6,266)	(11,992)	(16,955)
(Gain)/loss on disposal of:				
- subsidiaries	-	74	-	74
- property, plant and equipment	286	97	1,487	(2,515)
- land use rights	-	-	(40)	-
- assets held-for-sale	-	-	-	1,496
- other investments	-	-	-	103
Fair value loss/(gain) on investments	547	(17)	530	285
Fair value loss/(gain) on derivatives	6,578	(200)	2,282	(1,034)
Waiver of trade payables	(7,333)	-	(7,333)	-
Gains arising from acquisition of subsidiaries	(19,390)	-	(19,390)	-
Provision for warranties and other costs, net	22,080	20,979	70,925	62,666
Operating profit before working capital changes	95,836	100,834	345,747	337,074
Changes in working capital:				
Inventories	11,703	(33,348)	40,921	(28,370)
Trade and other receivables	49,575	(101,385)	(177,226)	(209,774)
Trade and other payables	(33,793)	(23,248)	(65,332)	15,833
Provisions utilised	(21,873)	(21,149)	(67,642)	(56,982)
Cash flows from/(used in) operations	101,448	(78,296)	76,468	57,781
Income tax paid	(12,703)	(10,178)	(55,597)	(44,759)
Cash flows from/(used in) operating activities	88,745	(88,474)	20,871	13,022
Investing activities				
Acquisition of subsidiaries, net of cash acquired	(3,435)	-	(3,435)	-
Acquisition of non-controlling interests in subsidiaries	-	-	(6,610)	-
Investment in associates	-	(1,461)	(96)	(1,461)
Dividends received from:				
- associates and joint ventures	1,176	199	4,244	2,455
- other investments	15	19	249	257
Interest received	3,498	7,034	14,224	22,899
Purchase of:				
- property, plant and equipment (including capitalisation of borrowing costs)	(36,821)	(32,523)	(111,766)	(94,234)
- land use rights	(917)	-	(917)	(1,705)
- intangible assets	(846)	(932)	(4,802)	(2,257)
Proceeds from disposal of:				
- subsidiaries, net of cash disposed	-	1,928	-	1,928
- property, plant and equipment	2,796	534	3,346	6,347
- land use rights	-	-	519	-
- assets held-for-sale	-	8,181	-	17,359
- other investments	-	-	21	4,268
Net cash flows used in investing activities	(34,534)	(17,021)	(105,023)	(44,144)
Financing activities				
Dividend paid to:				
- non-controlling interests of subsidiaries	(4,746)	(5,943)	(85,049)	(53,118)
- shareholders of the Company	(3,739)	(3,739)	(14,956)	(11,217)
Interest paid	(21,021)	(20,837)	(46,886)	(53,530)
Proceeds from borrowings	213,091	306,307	515,413	614,222
Proceeds from issuance of bonds	-	-	-	200,500
Release of restricted deposits with banks	-	-	32,882	-
Release of long-term deposits	21,389	-	37,765	-
Capital contribution by non-controlling interests of subsidiaries	3,488	-	3,488	-
Grant received from government	1,043	3,232	4,488	5,040
Repayment in respect of borrowings	(111,730)	(126,319)	(472,860)	(486,629)
Repayment of obligation under finance leases	(416)	(275)	(1,317)	(835)
Redemption of bonds	-	(202,900)	-	(202,900)
Net cash flows from/(used in) financing activities	97,359	(50,474)	(27,032)	11,533
Net increase/(decrease) in cash and cash equivalents	151,570	(155,969)	(111,184)	(19,589)
Cash and cash equivalents at beginning of the period	701,080	1,135,787	983,305	942,652
Effect of exchange rate changes on balances held in foreign currencies	7,423	(8,736)	(12,048)	48,019
Cash and cash equivalents at end of the period	860,073	971,082	860,073	971,082
Comprising:				
Cash and short-term deposits			860,241	1,005,468
Less: Bank overdraft			(168)	-
Less: Restricted deposits			-	(34,386)
			860,073	971,082

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

	3Q 2014 \$'000	3Q 2013 \$'000 (restated)	YTD 3Q 2014 \$'000	YTD 3Q 2013 \$'000 (restated)
Acquisitions				
Non-current assets	46,688	-	46,688	-
Net current liabilities	(18,797)	-	(18,797)	-
Non-current liabilities	(1,283)	-	(1,283)	-
Revaluation reserves	(9,455)	-	(9,455)	-
Negative goodwill	(8,084)	-	(8,084)	-
Total consideration	<u>9,069</u>	<u>-</u>	<u>9,069</u>	<u>-</u>
Less: Amount previously accounted for as interest in joint ventures	(2,602)	-	(2,602)	-
Less: Cash and cash equivalents of subsidiaries acquired	<u>(3,032)</u>	<u>-</u>	<u>(3,032)</u>	<u>-</u>
Acquisition of subsidiaries, net of cash acquired	<u><u>3,435</u></u>	<u><u>-</u></u>	<u><u>3,435</u></u>	<u><u>-</u></u>
Disposals				
Net current assets	-	3,218	-	3,218
Loss on disposal/liquidation of subsidiaries	<u>-</u>	<u>(74)</u>	<u>-</u>	<u>(74)</u>
Total cash consideration	<u>-</u>	<u>3,144</u>	<u>-</u>	<u>3,144</u>
Less: Cash and cash equivalents of subsidiaries disposed/liquidated	<u>-</u>	<u>(1,216)</u>	<u>-</u>	<u>(1,216)</u>
Disposal/liquidation of subsidiaries, net of cash disposed	<u><u>-</u></u>	<u><u>1,928</u></u>	<u><u>-</u></u>	<u><u>1,928</u></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
The Group												
Closing balance as at 31 December 2012 (as previously stated)	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
Adjustment arising from change in accounting policy	-	-	-	-	-	323	-	-	(594)	(271)	1,192	921
At 1 January 2013 (restated)	266,830	(1,604)	34,217	45,789	2,347	(49,389)	13,173	(2,813)	465,410	773,960	1,238,661	2,012,621
Total comprehensive income for the period	-	-	-	(86)	-	11,206	-	-	14,429	25,549	59,616	85,165
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	<u>266,830</u>	<u>(1,604)</u>	<u>34,217</u>	<u>45,703</u>	<u>2,354</u>	<u>(38,526)</u>	<u>13,173</u>	<u>(2,470)</u>	<u>479,839</u>	<u>799,516</u>	<u>1,298,277</u>	<u>2,097,793</u>
Closing balance as at 31 March 2013 (as previously stated)	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
Adjustment arising from adoption of new accounting standards	-	-	-	-	-	269	-	-	(589)	(320)	1,259	939
At 1 April 2013 (restated)	266,830	(1,604)	34,217	45,703	2,354	(38,526)	13,173	(2,470)	479,839	799,516	1,298,277	2,097,793
Total comprehensive income for the period	-	-	-	(137)	-	14,636	-	-	9,255	23,754	67,429	91,183
Transactions with owners, recorded directly in equity												
<i>Contributions by and distributions to owners</i>												
Cost of share-based payments	-	-	-	-	6	-	-	-	-	6	-	6
Realisation 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	<u>266,830</u>	<u>(1,604)</u>	<u>34,163</u>	<u>45,566</u>	<u>2,360</u>	<u>(23,890)</u>	<u>13,173</u>	<u>-</u>	<u>481,616</u>	<u>818,214</u>	<u>1,318,531</u>	<u>2,136,745</u>
Closing balance as at 30 June 2013 (as previously stated)	266,830	(1,604)	34,163	45,566	2,360	(24,220)	13,173	-	482,224	818,492	1,317,398	2,135,890
Adjustment arising from adoption of new accounting standards	-	-	-	-	-	330	-	-	(608)	(278)	1,133	855
At 1 July 2013 (restated)	266,830	(1,604)	34,163	45,566	2,360	(23,890)	13,173	-	481,616	818,214	1,318,531	2,136,745
Total comprehensive income for the period	-	-	-	(13)	-	(5,540)	-	-	3,219	(2,334)	14,918	12,584
Transactions with owners, recorded directly in equity												
<i>Contributions by and distributions to owners</i>												
Cost of share-based payments	-	-	-	-	15	-	-	-	-	15	-	15
Acquisition of a subsidiary	-	49	-	-	-	-	-	-	-	49	(856)	(807)
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(3,739)	(3,739)	-	(3,739)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(5,943)	(5,943)
At 30 September 2013	<u>266,830</u>	<u>(1,555)</u>	<u>34,163</u>	<u>45,553</u>	<u>2,375</u>	<u>(29,430)</u>	<u>13,173</u>	<u>-</u>	<u>481,096</u>	<u>812,205</u>	<u>1,326,650</u>	<u>2,138,855</u>

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

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
The Group												
Closing balance as at 31 December 2013 (as previously stated)	266,830	(1,569)	34,896	45,525	2,390	(19,313)	13,173	-	499,347	841,279	1,384,550	2,225,829
Adjustment arising from change in accounting policy	-	-	-	-	-	317	-	-	(306)	11	2,553	2,564
At 1 January 2014 (restated)	266,830	(1,569)	34,896	45,525	2,390	(18,996)	13,173	-	499,041	841,290	1,387,103	2,228,393
Total comprehensive income for the period	-	-	-	53	-	(18,973)	-	-	13,267	(5,653)	(3,574)	(9,227)
Transactions with owners, recorded directly in equity												
<i>Contributions by and distributions to owners</i>												
Cost of share-based payments	-	-	-	-	15	-	-	-	-	15	-	15
Changes in ownership interests in subsidiaries												
Acquisition of non-controlling interests	-	-	-	-	-	-	2,251	-	-	2,251	(8,861)	(6,610)
At 31 March 2014	266,830	(1,569)	34,896	45,578	2,405	(37,969)	15,424	-	512,308	837,903	1,374,668	2,212,571
At 1 April 2014	266,830	(1,569)	34,896	45,578	2,405	(37,969)	15,424	-	512,308	837,903	1,374,668	2,212,571
Total comprehensive income for the period	-	-	-	(17)	-	(2,355)	-	-	9,615	7,243	28,722	35,965
Transactions with owners, recorded directly in equity												
<i>Contributions by and distributions to owners</i>												
Cost of share-based payments	-	-	-	-	15	-	-	-	-	15	-	15
Realisation of reserves on liquidation of subsidiary	-	-	(4)	-	-	-	-	-	-	(4)	-	(4)
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(11,217)	(11,217)	-	(11,217)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(80,303)	(80,303)
At 30 June 2014	266,830	(1,569)	34,892	45,561	2,420	(40,324)	15,424	-	510,706	833,940	1,323,087	2,157,027
At 1 July 2014	266,830	(1,569)	34,892	45,561	2,420	(40,324)	15,424	-	510,706	833,940	1,323,087	2,157,027
Total comprehensive income for the period	-	-	-	(87)	-	14,937	-	-	4,057	18,907	68,702	87,609
Transactions with owners, recorded directly in equity												
<i>Contributions by and distributions to owners</i>												
Cost of share-based payments	-	-	-	-	179	-	-	-	-	179	282	461
Realisation of reserves on liquidation of subsidiary	-	-	4	-	-	-	-	-	-	4	-	4
Shares issued to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	3,488	3,488
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(3,739)	(3,739)	-	(3,739)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(4,746)	(4,746)
Realisation of reserves on reclassification of joint ventures to subsidiary upon acquisition	-	-	-	-	-	-	-	-	-	-	(48)	(48)
At 30 September 2014	266,830	(1,569)	34,896	45,474	2,599	(25,387)	15,424	-	511,024	849,291	1,390,765	2,240,056

1(d)(i) Statement of changes in equity for the periods ended 30 September (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 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
At 1 July 2013	266,830	9,199	-	2,307	39,234	317,570
Total comprehensive income for the period	-	-	-	-	774	774
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Cost of share-based payments	-	-	-	15	-	15
Dividends paid to shareholders	-	-	-	-	(3,739)	(3,739)
At 30 September 2013	266,830	9,199	-	2,322	36,269	314,620
At 1 January 2014	266,830	9,199	2	2,337	39,258	317,626
Total comprehensive income for the period	-	-	-	-	229	229
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Cost of share-based payments	-	-	-	15	-	15
At 31 March 2014	266,830	9,199	2	2,352	39,487	317,870
At 1 April 2014	266,830	9,199	2	2,352	39,487	317,870
Total comprehensive income for the period	-	-	(2)	-	20,738	20,736
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Cost of share-based payments	-	-	-	15	-	15
Dividends paid to shareholders	-	-	-	-	(11,217)	(11,217)
At 30 June 2014	266,830	9,199	-	2,367	49,008	327,404
At 1 July 2014	266,830	9,199	-	2,367	49,008	327,404
Total comprehensive income for the period	-	-	-	-	527	527
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Cost of share-based payments	-	-	-	15	-	15
Dividends paid to shareholders	-	-	-	-	(3,739)	(3,739)
At 30 September 2014	266,830	9,199	-	2,382	45,796	324,207

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 September 2014, 31 December 2013 and 30 September 2013.

There was no change in the Company's issued share capital during the three months ended 30 September 2014.

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 September 2014.

As at 30 September 2014, there were a total of 1,470,000 (30 September 2013: 930,000) 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
2014	\$1.31	540,000
Total		1,470,000

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 September 2014 and 31 December 2013 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 September 2014.

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 2013 except for adoptions of new accounting standards that are effective from 1 January 2014.

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 2014. Changes to the Group's accounting policies have been made as required, in accordance with the respective FRS.

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Revised FRS 27 Separate Financial Statements	1 January 2014
Revised FRS 28 Investments in Associates and Joint Ventures	1 January 2014
FRS 110 Consolidated Financial Statements	1 January 2014
FRS 111 Joint Arrangements	1 January 2014
FRS 112 Disclosure of Interests in Other Entities	1 January 2014
Amendments to FRS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 36 Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Improvements to FRSs	1 January 2014

Except for FRS 111, Revised FRS 28 and FRS 112, the Directors expect that the adoption of the other standards 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 FRS 111, Revised FRS 28 and FRS 112 are described below.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 Disclosure of Interests in Other Entities is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when applied in 2014.

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures are effective for financial periods beginning on or after 1 January 2014.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities of the arrangement whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The Revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

In accordance with FRS 111, this change in accounting policy was applied retrospectively.

In addition, long term bank deposits with terms of more than 12 months placed by Yuchai have been reclassified from cash and short-term deposits to long term bank deposits as at 31 December 2013.

Accordingly, the effects of the Group's financial statements from the adoption of FRS 111 and reclassification of accounts are as follows:

Income statement for 3Q 2013	As previously	Restatement	As restated
	stated		
	\$'000	\$'000	\$'000
Revenue	1,058,684	(24,403)	1,034,281
Cost of sales	(822,003)	4,598	(817,405)
Gross profit	236,681	(19,805)	216,876
Other income	9,766	(328)	9,438
Selling and distribution expenses	(119,515)	17,284	(102,231)
Research and development costs	(25,024)	-	(25,024)
General and administrative expenses	(46,397)	3,120	(43,277)
Finance costs	(21,646)	1,159	(20,487)
Profit from operations	33,865	1,430	35,295
Share of results of associates and joint ventures, net of tax	2,488	(1,431)	1,057
Profit before income tax	36,353	(1)	36,352
Income tax expense	(11,396)	18	(11,378)
Profit for the period	24,957	17	24,974
Attributable to:			
Owners of the Company	3,216	3	3,219
Non-controlling interests	21,741	14	21,755
	24,957	17	24,974

Income statement for YTD 3Q 2013	As previously	Restatement	As restated
	stated		
	\$'000	\$'000	\$'000
Revenue	3,356,097	(75,187)	3,280,910
Cost of sales	(2,616,846)	17,565	(2,599,281)
Gross profit	739,251	(57,622)	681,629
Other income	32,492	(102)	32,390
Selling and distribution expenses	(356,903)	52,737	(304,166)
Research and development costs	(75,366)	-	(75,366)
General and administrative expenses	(134,043)	8,459	(125,584)
Finance costs	(52,383)	2,971	(49,412)
Profit from operations	153,048	6,443	159,491
Share of results of associates and joint ventures, net of tax	6,418	(6,555)	(137)
Profit before income tax	159,466	(112)	159,354
Income tax expense	(41,805)	48	(41,757)
Profit for the period	117,661	(64)	117,597
Attributable to:			
Owners of the Company	26,914	(11)	26,903
Non-controlling interests	90,747	(53)	90,694
	117,661	(64)	117,597

Balance sheet as at 31.12.2013	As previously stated \$'000	Restatement \$'000	As restated \$'000
Non-current assets			
Property, plant and equipment	1,275,520	(88,341)	1,187,179
Land use rights	147,289	(6,653)	140,636
Intangible assets	107,987	(13)	107,974
Interests in associates	61,000	(804)	60,196
Interests in joint ventures	-	64,654	64,654
Other investments	1,738	-	1,738
Deferred tax assets	104,694	-	104,694
Non-current receivables	8,723	467	9,190
Long term bank deposits	-	38,647	38,647
	1,706,951	7,957	1,714,908
Current assets			
Other investments	5,923	-	5,923
Inventories	683,477	(17,420)	666,057
Development properties	8,215	-	8,215
Trade and other receivables	2,027,445	5,572	2,033,017
Cash and short-term deposits	1,068,246	(51,020)	1,017,226
Derivatives	571	-	571
	3,793,877	(62,868)	3,731,009
Current liabilities			
Trade and other payables	2,020,809	(9,565)	2,011,244
Provisions	80,128	(913)	79,215
Loans and borrowings	571,478	(13,731)	557,747
Current tax payable	32,579	33	32,612
Derivatives	962	-	962
	2,705,956	(24,176)	2,681,780
Net current assets	1,087,921	(38,692)	1,049,229
Non-current liabilities			
Loans and borrowings	424,789	(32,628)	392,161
Deferred tax liabilities	50,240	-	50,240
Deferred grants	69,042	(671)	68,371
Other non-current payables	24,408	-	24,408
Retirement benefits	564	-	564
	569,043	(33,299)	535,744
Net assets	2,225,829	2,564	2,228,393
Capital and reserves			
Share capital	266,830	-	266,830
Reserves	574,449	11	574,460
	841,279	11	841,290
Non-controlling interests	1,384,550	2,553	1,387,103
Total Equity	2,225,829	2,564	2,228,393

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

	Group		Group	
	3Q 2014	3Q 2013 (restated)	YTD 3Q 2014	YTD 3Q 2013 (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)	1.09	0.86	7.20	7.20
(ii) On a fully diluted basis (cts)	1.09	0.86	7.20	7.20

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	
	30.9.2014	31.12.2013 (restated)	30.9.2014	31.12.2013
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 September 2014 and as at 31 December 2013 (cts)	227.21	225.00	86.71	84.95

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.

3Q 2014 versus 3Q 2013 (restated)*

(* all references to 3Q 2013 in this section are with reference to 3Q 2013 (restated))

Revenue for the Group decreased marginally by 0.8% from \$1,034.3 million in 3Q 2013 to \$1,025.5 million for the quarter under review. The decrease was mainly due to lower revenue from the consumer products unit ("Xinfei"), industrial packaging unit ("Rex") and air-conditioning systems unit ("Airwell") but offset by higher revenue from the diesel engines unit ("Yuchai") and building materials unit ("BMU"). However, profit attributable to the owners of the Company ("PATMI") for the quarter under review improved from \$3.2 million in 3Q 2013 to \$4.0 million in 3Q 2014 attributed to contribution from other income and gains arising from acquisitions.

- Revenue of Xinfei declined by 24.2% as compared to 3Q 2013. Unit sales declined 25.9% as compared to the same period last year. This was due to decline in growth for the industry during the quarter, keen competition and the weaker property market in China which led to lower consumer demand for Xinfei's products.

A number of new refrigerator models were completed in 3Q 2014, which will be ready for production before December 2014 and for sale in early 2015. In addition, Xinfei commenced aggressive media advertising in October 2014 which featured its newly appointed brand ambassador (Huang Lei), a popular celebrity in China, to promote Xinfei's new range of refrigerators. Print media and online advertisements have been placed in various provinces to promote the Frestec brand.

- Revenue of Yuchai for 3Q 2014 increased marginally by 1.8% as compared to 3Q 2013 largely due to product mix. The units sold by Yuchai in 3Q 2014 decreased by 6.1% as compared to 3Q 2013, which decline compared favourably against the industry's decline of 19.4% in unit sales of commercial vehicles (excluding gasoline-powered vehicles) for 3Q 2014 as published by the China Association of Automobile Manufacturers.

Despite lower truck sales in the quarter under review, bus and agricultural engine sales reported positive growth in 3Q 2014. In addition, Yuchai introduced National V engines for transit buses during the quarter. Research and development (“R&D”) expenses for 3Q 2014 increased by 20.9% as compared to the corresponding period in 2013 due to higher development and testing costs as Yuchai introduced new engines into the market.

- Revenue of BMU increased by 11.4% in 3Q 2014 as compared to 3Q 2013. The increase was mainly contributed by higher revenue from all divisions except the trading division.

The Singapore construction industry continued to achieve positive growth in 3Q 2014. Despite some delays in construction projects, BMU’s Precast and Readymix divisions achieved higher sales revenue as compared to the same quarter last year. In Malaysia, the continued spending on government and infrastructure projects contributed to increased cement demand, which benefited Tasek Corporation Berhad (“Tasek”). However, intense price competition in the market impacted the profit margins of the cement segment.

- Revenue of Rex declined by 32.2% in 3Q 2014 as compared to 3Q 2013 as a result of keen competition and low demand from its customers. Margins came under pressure due to the large number of competitors, and exacerbated by the low barrier entry to the plastic packaging industry in China.
- Revenue of Airwell declined by 10.6% in 3Q 2014 as compared to 3Q 2013 due to lower domestic sales and export sales and keen competition.

The commencement of the low season for air-conditioning products in Europe impacted the sales volume for the quarter under review. Airwell has started to identify more sales opportunities for export by dealing directly with end users overseas. In the China domestic market, more direct dealers were appointed to push domestic sales. Amidst challenges arising from the China property cooling measures and lower customer demand, the overall air-conditioning market in China reported aggressive price reduction initiated by the larger air-conditioning manufacturers, which has led to further erosion of margins.

Group gross profit margin in 3Q 2014 was 20.1%, a decline of 0.9% as compared to 21.0% in 3Q 2013. The decline was mainly due to lower revenue while costs of sales increased marginally by \$1.5 million. The margins of almost all business units declined marginally.

Other income for the Group in 3Q 2014 increased by \$4.4 million mainly as a result of waiver of trade payables and exchange gain from Yuchai.

Selling and distribution (“S&D”) expenses in 3Q 2014 decreased by \$4.5 million, or 4.4% as compared to 3Q 2013, mainly due to lower sales incentive granted to customers by Xinfei and lower warranty expenses incurred by Yuchai but offset by higher outward freight incurred by BMU.

Research and development (“R&D”) expenses in 3Q 2014 increased by \$5.5 million or 21.9% over 3Q 2013 mainly due to increase in wage costs, higher development and testing costs and depreciation expense incurred by Yuchai.

General and administrative (“G&A”) expenses in 3Q 2014 increased by \$1.5 million or 3.4% over 3Q 2013 mainly due to impairment losses on intangible assets but partially offset by lower consultancy fees incurred by Yuchai.

Finance costs in 3Q 2014 decreased by \$3.4 million or 16.5% as compared to 3Q 2013 mainly due to less bills discounting and lower interest costs from the issuance of three-year, medium-term notes in May 2013 at a fixed annual interest rate of 4.69% by Yuchai.

Share of results of associates and joint ventures, net of tax improved from \$1.1 million in 3Q 2013 to \$1.3 million in 3Q 2014. This was mainly due to lower losses from associates and joint ventures of Yuchai.

Gains arising from acquisitions in 3Q 2014 were \$19.4 million from Yuchai (including HL Global Enterprises Limited (“HLGE”)). These were mainly due to Guangxi Yuchai Machinery Company Limited increasing its shareholding interest in Yuchai Remanufacturing Services (Suzhou) Co., Ltd from 51% to 100%, which resulted in a fair value gain and negative goodwill of \$13.2 million (RMB64.8 million). The balance was due to HLGE increasing its shareholding interest in a hotel property company from 45% to 100%. It is to be noted that these are preliminary assessments. There were no such gains in the same period in 2013.

The higher income tax expenses in 3Q 2014 compared to the same period last year was due to higher profits from Yuchai and BMU.

YTD 3Q 2014 vs YTD 3Q 2013 (restated)*

(* all references to YTD 3Q 2013 in this section are with reference to YTD 3Q 2013 (restated))

Revenue for the Group increased 5.1% from \$3,280.9 million in 3Q YTD 2013 to \$3,447.8 million in 3Q YTD 2014. The increase was mainly due to higher revenues from Yuchai and BMU but offset by lower revenues from other business units. Profit attributable to the owners of the Company was \$26.9 million in 3Q YTD 2014, same as that for 3Q YTD 2013.

- Xinfai’s revenue declined by 16.4% as compared to 3Q YTD 2013 due to decline in growth in the industry, keen competition and the effect of weak property market in China.

Xinfai has completed about 25 new refrigerator and freezer models this year and these new products will be showcased in the coming December 2014 National Distributor Conference in Zhengzhou, China. Together with the television advertising and other media and online marketing activities which started in October 2014 till March 2015, Xinfai is well positioned to increase its brand awareness and to promote its new products to the customers. With the appointment of a brand ambassador in the media campaign, the initial feedback has been positive. More aggressive marketing activities are being planned in the coming months so as to increase sales.

- Yuchai’s revenue increased by 9.3% compared to the same period last year mainly due to the increase in engine sales for agricultural applications but partially offset by lower sales for heavy-duty truck engines. The unit sales volume of vehicle engines increased by 0.1% in 3Q YTD 2014, which slight increase compared favourably against the industry’s decline of 9.5% in unit sales volume of commercial vehicles (excluding gasoline-powered vehicles) for 3Q YTD 2014 as published by the China Association of Automobile Manufacturers.
- BMU’s revenue increased by 12.9% as compared to 3Q YTD 2014. The increase was contributed by all divisions except the trading division.
- Rex’s revenue declined by 30.3% as compared to 3Q YTD 2013 mainly due to keen competition and lower demand from existing customers.

The development of new products for the chemical and household use sectors, replacement of some existing machines and the expansion of its current customer base, should contribute to higher sales for Rex in 2015. Nevertheless, margins will remain under pressure due to competition and low barrier entry into the plastic packaging industry in China. Rex will continue to implement cost reduction and reorganization activities.

- Airwell's revenue decreased by 35.2% as compared to 3Q YTD 2013 mainly due to lower domestic and export sales.

Airwell has implemented more sales and marketing activities to promote the Airwell brand, including the holding of product training seminars for its dealers and project consultants. Airwell will continue to appoint new dealers so as to broaden its customer base in order to increase sales.

Group gross profit margin in 3Q YTD 2014 was 0.8% lower at 20.0% as compared to gross profit margin of 20.8% in 3Q YTD 2013. Overall raw material costs as a percentage of sales for the Group increased by 0.5% as compared to the same period last year. The overhead costs as a percentage of sales also increased by 0.3%. Yuchai's margin dipped 1.0% due to change in sales mix to higher engine sales for agriculture applications, and a more competitive vehicle market. Xinfai's margin remained the same as compared to the same period last year. BMU's margin improved due to lower material costs but Rex's margin deteriorated due to higher material costs and lower sales.

S&D expenses in 3Q YTD 2014 increased by \$2.4 million, or 0.8% compared to 3Q YTD 2013. It was mainly due to higher advertising, outward freight and warranty expenses but offset by lower sales incentive granted to customers.

R&D expenses in 3Q YTD 2014 increased by \$7.8 million or 10.3% over 3Q YTD 2013 mainly due to Yuchai's ongoing research and development of new and existing engine products as well as continued initiatives to improve engine quality.

G&A expenses in 3Q YTD 2014 increased by \$3.0 million or 2.4% over 3Q YTD 2013 mainly due to the increase in wage costs and impairment losses on intangible assets but partially offset by lower consultancy fees incurred by Yuchai.

Finance costs in 3Q YTD 2014 decreased by \$4.1 million or 8.3% as compared to 3Q YTD 2013 mainly due to lower interest costs from the outstanding short-term and medium-term notes and less bills discounting by Yuchai.

Gains arising from acquisitions were \$19.4 million from Yuchai (including HLGE), as explained in the commentary on the 3Q 2014 performance. There were no such gains in the same period in 2013.

The higher income tax expense in 3Q YTD 2014 compared to the same period last year was mainly due to higher profits from Yuchai and BMU.

Working Capital and Cash Flow

The Group had cash and short-term deposits of \$860.2 million and a net borrowing position of \$135.8 million at the end of 3Q 2014.

In 3Q 2014, the Group generated \$88.7 million cash from operating activities, mainly due to higher collection from trade and other receivables and lower inventories holdings, and also received \$97.4 million from financing activities. It used \$34.5 million in investing activities including \$36.8 million for the purchase of property, plant and equipment.

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 International Monetary Fund has recently revised the global economic growth forecast to 3.3%, which is a downward trend from the previous forecast. GDP forecast of China remained at 7.4% for the full year despite its economic growth of 7.3% in 3Q 2014. It touched the 5-year low due to factors such as continued slump in the property sector, overcapacity and sluggish exports. Singapore's economy is projected to grow 2.4% in 3Q 2014, the same as that in 2Q 2014.

The diesel engine industry in China has seen a decline of 9.5% in unit sales volume of commercial vehicles (excluding gasoline-powered vehicles) for 3Q YTD 2014, following the tapering off in sales from the pre-buy impact arising from the implementation of the National IV emission standards for diesel truck engines in China in July last year. Yuchai's sales in the coming quarters will vary according to market demand, and its strategy of supplying advanced engines to multiple markets will enable Yuchai to counteract volatility across different segments. Its ability to develop engines with increased performance and industry-leading engine emissions should enhance its market share in the Chinese engine market. The Chinese government's long term objective of improving the infrastructure development of the inner cities will encourage more sales of trucks and buses, and this will be positive for Yuchai.

The white goods industry in China relating to consumer appliances is expected to remain challenging amidst issues on overcapacity, keen competition and low consumer demand. There was a decline of 9.1% on sales of consumer appliances in the first 9 months of 2014. These challenges will continue to impact Xinfai's performance for the remainder of the current year. Xinfai has completed about 25 new refrigerator and freezer models this year that will be showcased in the coming December 2014 National Distributor Conference in Zhengzhou, China. Together with the television advertising and other media and online marketing activities which started in October 2014 and will continue until March 2015, Xinfai is well positioned to increase its brand awareness and to promote its new products to customers. With the appointment of a brand ambassador in the media campaign, the initial feedback has been positive. More aggressive marketing activities are being planned in the coming months so as to increase sales.

In Singapore, the construction industry was projected to grow only 1.4% in 3Q 2014, with the existing property cooling measures continuing to weigh down the property market. The slowdown in the private sector construction projects will however be mitigated in part by new construction contracts for HDB and Executive Condominium projects in the coming years and various infrastructure projects such as the new MRT lines extension and the Changi Airport expansion which will generate more consumption of cement and other building materials. Issues on foreign labour and delays of certain HDB projects will have impact on the overall performance of BMU. The outlook for the construction sector in Malaysia for the fourth quarter of 2014 is expected to remain positive, with the ongoing government's MRT projects and LRT line extensions which are expected to continue to lead the construction sector's growth into 2015.

The development of new products for the chemical and household use sectors, replacement of some existing machines and the expansion of its current customer base, should contribute to higher sales for Rex in 2015. Nevertheless, margins will remain under pressure due to competition and low barrier entry into the plastic packaging industry in China. Rex will continue to implement cost reduction and reorganization activities.

Airwell has implemented more sales and marketing activities to promote the Airwell brand, including the holding of product training seminars for its dealers and project consultants. Airwell will continue to appoint new dealers so as to broaden its customer base in order to increase sales.

The Group will continue to monitor market movements closely and exercise cost discipline in all business areas. With prudent capital management and a healthy balance sheet, the Group is well-positioned to meet the challenges ahead. 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/recommendedd, a statement to that effect.

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

13. Interested person transactions

No interested person transactions ("IPT") were conducted under the Company's IPT mandate for the quarter ended 30 September 2014.

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

14 November 2014

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 third quarter and nine months ended 30 September 2014 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 and Chief Executive Officer

14 November 2014