

**Unaudited Second Quarter And Half Year Financial Statement For The Period Ended 30 June 2015**

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

The Board of Directors announces the results of the Group for the second quarter ("2Q") and half year ended 30 June ("1H") 2015. These figures have not been audited or reviewed.

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

**1(a)(i) Income statement**

	2Q 2015 \$'000	2Q 2014 \$'000	Group		+/- %	
			+/- %	1H 2015 \$'000		1H 2014 \$'000
Revenue	1,181,088	1,169,134	1.0%	2,266,397	2,422,240	-6.4%
Cost of sales	(927,952)	(926,623)	0.1%	(1,795,458)	(1,938,722)	-7.4%
<b>Gross profit</b>	<b>253,136</b>	<b>242,511</b>	<b>4.4%</b>	<b>470,939</b>	<b>483,518</b>	<b>-2.6%</b>
Other income	5,155	8,056	-36.0%	10,890	18,193	-40.1%
Selling and distribution expenses	(108,107)	(103,892)	4.1%	(205,998)	(208,830)	-1.4%
Research and development costs	(33,418)	(27,962)	19.5%	(61,143)	(52,652)	16.1%
General and administrative expenses	(48,034)	(43,704)	9.9%	(92,355)	(83,845)	10.1%
Finance costs	(10,931)	(12,755)	-14.3%	(23,022)	(28,199)	-18.4%
<b>Profit from operations</b>	<b>57,801</b>	<b>62,254</b>	<b>-7.2%</b>	<b>99,311</b>	<b>128,185</b>	<b>-22.5%</b>
Share of results of associates and joint ventures, net of tax	(934)	(324)	188.3%	(1,584)	(805)	96.8%
<b>Profit before income tax</b>	<b>56,867</b>	<b>61,930</b>	<b>-8.2%</b>	<b>97,727</b>	<b>127,380</b>	<b>-23.3%</b>
Income tax expense	(18,715)	(16,962)	10.3%	(32,228)	(32,946)	-2.2%
<b>Profit for the period</b>	<b>38,152</b>	<b>44,968</b>	<b>-15.2%</b>	<b>65,499</b>	<b>94,434</b>	<b>-30.6%</b>
<b>Attributable to:</b>						
Owners of the Company	638	9,615	-93.4%	5,329	22,882	-76.7%
Non-controlling interests	37,514	35,353	6.1%	60,170	71,552	-15.9%
	<b>38,152</b>	<b>44,968</b>	<b>-15.2%</b>	<b>65,499</b>	<b>94,434</b>	<b>-30.6%</b>

Note: The Group's business is largely in China. Translation of income statement from Renminbi ("RMB") to Singapore dollar ("SGD") has been made at the average exchange rate of RMB4.6104 = SGD1.00 for 2Q 2015 and RMB4.8852 = SGD1.00 for 2Q 2014.

For the half year ended 30 June, translation of income statement from RMB to SGD has been made at the average exchange rate of RMB4.5977 = SGD1.00 for 1H 2015 and RMB4.8555 = SGD1.00 for 1H 2014.

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

Profit before income tax include the following:	Group					
	2Q 2015 \$'000	2Q 2014 \$'000	+/- %	1H 2015 \$'000	1H 2014 \$'000	+/- %
Loss on disposal of property, plant and equipment and land use rights <sup>(1)</sup>	(1,764)	(1,061)	66.3%	(2,719)	(1,161)	134.2%
Impairment losses on property, plant and equipment <sup>(2)</sup>	-	(660)	NM	-	(488)	NM
Impairment losses recognised for trade and other receivables, net <sup>(3)</sup>	(2,837)	(493)	475.5%	(3,047)	(1,504)	102.6%
Allowance made for inventories obsolescence, net <sup>(4)</sup>	(161)	(702)	-77.1%	(318)	(992)	-67.9%
Depreciation and amortisation <sup>(5)</sup>	(34,823)	(30,473)	14.3%	(69,102)	(60,528)	14.2%
Foreign exchange loss, net <sup>(6)</sup>	(2,344)	(3,303)	-29.0%	(1,029)	(1,943)	-47.0%
Fair value gain on derivatives, net <sup>(7)</sup>	2,285	4,597	-50.3%	411	4,296	-90.4%
Interest expense <sup>(8)</sup>	(10,437)	(12,499)	-16.5%	(22,100)	(27,493)	-19.6%
Interest income <sup>(9)</sup>	3,604	3,232	11.5%	7,288	6,707	8.7%

NM: Not meaningful

- (1) Loss on disposal of property, plant and equipment in both comparative periods in 2015 and 2014 were attributed mainly to the Group's diesel engines unit ("Yuchai").
- (2) Impairment losses on property, plant and equipment in both 2Q 2014 and 1H 2014 were mainly related to Yuchai.
- (3) The Group's consumer products unit ("Xinfei") and Yuchai made allowance for impairment losses for trade and other receivables in both comparative periods in 2015 and 2014.
- (4) The allowance for inventories write-down was mainly recorded by Xinfei arising from stock obsolescence.
- (5) The increase in depreciation and amortisation in 2Q 2015 and 1H 2015 as compared to 2Q 2014 and 1H 2014 was mainly due to additional capital expenditure on property, plant and equipment incurred in Yuchai.
- (6) The net foreign exchange loss in 2Q 2015 was mainly due to revaluation of the Singapore dollar ("SGD") denominated loan liability in Xinfei as a result of the weakening of the Renminbi ("RMB"). The corresponding fair value gain on derivative is reflected under Note (7) below.

The foreign exchange loss in 2Q 2015, netted off foreign exchange gain in the first quarter ("1Q") of 2015, resulted in a net foreign exchange loss of \$1.0 million in 1H 2015. The net foreign exchange gain in 1Q 2015 was mainly due to revaluation of the SGD denominated loan liability in Xinfei as a result of the strengthening of the RMB. The gain was partially offset by foreign exchange loss arising from SGD denominated assets in Yuchai.

The net foreign exchange loss in 2Q 2014 arose mainly from revaluation of monetary assets and liabilities following the weakening of the United States dollar ("USD") vis-a-vis RMB.

- (7) In 2Q 2015, the net fair value gain on derivatives (for hedging against foreign currency risk) mainly arose from coupon swap with range forward in Xinfei and forward foreign exchange contract in Yuchai.

The net fair value gain on derivatives in 2Q 2014 and 1H 2014 was mainly related to Yuchai and Xinfei.

- (8) The decrease in interest expense was mainly due to lower bill discounting by Xinfei in 2Q 2015 and 1H 2015, and Yuchai in 1Q 2015.
- (9) The increase in interest income in 2Q 2015 and 1H 2015 was mainly due to higher cash and deposits held.

### 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 \$195,000 in 2Q 2015 (2Q 2014: over provision of \$116,000) in respect of prior years. The Group's tax charge for 1H 2015 included an over provision of \$187,000 (1H 2014: over provision of \$113,000) in respect of prior years.

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

	2Q 2015	2Q 2014	Group +/- %	1H 2015	1H 2014	+/- %
	\$'000	\$'000		\$'000	\$'000	
<b>Profit for the period</b>	<b>38,152</b>	<b>44,968</b>	<b>-15.2%</b>	<b>65,499</b>	<b>94,434</b>	<b>-30.6%</b>
<b>Other comprehensive income</b>						
<b>Items that may be subsequently reclassified to Income statement</b>						
Exchange differences on translation of financial statements of foreign subsidiaries, joint ventures and associated corporations	(54,655)	(8,986)	508.2%	28,460	(67,732)	NM
Net fair value changes	(38)	(17)	123.5%	(68)	36	NM
Realisation of foreign currency translation reserve upon liquidation of a foreign operation	-	(4)	NM	(64)	(4)	1502.5%
<b>Total other comprehensive (loss)/income for the period, net of tax</b>	<b>(54,693)</b>	<b>(9,007)</b>	<b>507.2%</b>	<b>28,328</b>	<b>(67,700)</b>	<b>NM</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>(16,541)</b>	<b>35,961</b>	<b>NM</b>	<b>93,827</b>	<b>26,734</b>	<b>251.0%</b>
<b>Attributable to:</b>						
Owners of the Company	(19,817)	7,239	NM	8,551	1,586	439.1%
Non-controlling interests	3,276	28,722	-88.6%	85,276	25,148	239.1%
<b>Total comprehensive (loss)/income for the period</b>	<b>(16,541)</b>	<b>35,961</b>	<b>NM</b>	<b>93,827</b>	<b>26,734</b>	<b>251.0%</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	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
<b>Non-current assets</b>				
Property, plant and equipment	1,271,276	1,276,373	414	260
Land use rights	146,756	146,699	-	-
Intangible assets	99,908	99,543	215	240
Investment in subsidiaries	-	-	204,455	204,455
Interests in associates	54,868	62,055	13,726	13,726
Interests in joint ventures	55,712	57,692	-	-
Other investments	1,700	1,766	-	-
Deferred tax assets	106,439	101,683	11	11
Non-current receivables	8,075	7,741	-	-
Long-term bank deposits	13,026	-	-	-
	<b>1,757,760</b>	<b>1,753,552</b>	<b>218,821</b>	<b>218,692</b>
<b>Current assets</b>				
Other investments	3,561	4,878	1	1
Inventories	592,303	583,908	-	-
Development properties	6,347	7,108	-	-
Trade and other receivables	2,095,879	2,115,359	311,320	290,218
Cash and short-term deposits	947,683	796,775	6,321	1,968
Derivatives	2,368	12	-	-
	<b>3,648,141</b>	<b>3,508,040</b>	<b>317,642</b>	<b>292,187</b>
<b>Current liabilities</b>				
Trade and other payables	1,879,363	1,741,378	4,789	5,076
Provisions	77,876	80,102	-	-
Loans and borrowings	801,033	577,998	111,069	117,375
Current tax payable	17,832	17,599	14	54
Derivatives	2,265	1,426	-	-
	<b>2,778,369</b>	<b>2,418,503</b>	<b>115,872</b>	<b>122,505</b>
<b>Net current assets</b>				
	<b>869,772</b>	<b>1,089,537</b>	<b>201,770</b>	<b>169,682</b>
<b>Non-current liabilities</b>				
Loans and borrowings	137,916	371,709	60,000	60,000
Deferred tax liabilities	42,774	47,159	1,890	1,890
Deferred grants	70,522	69,675	-	-
Other non-current payables	28,799	28,042	-	-
Retirement benefits	261	283	-	-
	<b>280,272</b>	<b>516,868</b>	<b>61,890</b>	<b>61,890</b>
<b>Net assets</b>				
	<b>2,347,260</b>	<b>2,326,221</b>	<b>358,701</b>	<b>326,484</b>
<b>Capital and reserves</b>				
Share capital	266,830	266,830	266,830	266,830
Reserves	602,173	600,545	91,871	59,654
	869,003	867,375	358,701	326,484
Non-controlling interests	1,478,257	1,458,846	-	-
<b>Total Equity</b>	<b>2,347,260</b>	<b>2,326,221</b>	<b>358,701</b>	<b>326,484</b>

## **Explanatory Notes to Statement of Financial Position**

### **Group**

- The increase in non-current assets was mainly due to placement of long-term bank deposits by Yuchai. This was offset by reduction in interest in associates with the declaration of dividends by associates in 2Q 2015.
- The increase in current assets was mainly due to higher cash and short-term deposits (as bills receivables were converted into cash upon maturity) and slight increase in inventories. Trade and other receivables reduced marginally.
- Current liabilities increased mainly due to higher trade and other payables (attributed largely to higher purchases in 2Q 2015) and reclassification of loans and borrowings (maturing within the next 12 months) from non-current liabilities to current liabilities in Yuchai.
- Non-current liabilities decreased mainly due to reclassification of loans and borrowings (maturing within the next 12 months) from non-current liabilities to current liabilities in Yuchai.

### **Company**

- Trade and other receivables increased mainly due to additional inter-company loans and advances granted to subsidiaries in 1H 2015.
- Loans and borrowings decreased due to net settlement of loans and borrowings in 1H 2015.

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

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

As at 30.06.2015		As at 31.12.2014	
Secured	Unsecured	Secured	Unsecured
\$71,912,480	\$729,120,233	\$14,718,792	\$563,279,380

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

As at 30.06.2015		As at 31.12.2014	
Secured	Unsecured	Secured	Unsecured
\$70,916,008	\$67,000,023	\$92,704,509	\$279,004,131

#### **Details of any collateral**

The secured banking facilities of the Group, comprising term loans, are secured on the assets of certain subsidiaries with a total carrying value as at 30 June 2015 of \$167,940,000 (31 December 2014: \$111,024,000).

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

	2Q 2015 \$'000	2Q 2014 \$'000 (Restated)	1H 2015 \$'000	1H 2014 \$'000 (Restated)
<b>Operating activities</b>				
Profit before tax	56,867	61,930	97,727	127,380
Adjustments for:				
Share of results of associates and joint ventures, net of tax	934	324	1,584	805
Cost of share-based payments	274	15	555	30
Depreciation and amortisation	34,823	30,473	69,102	60,528
Allowance recognised for inventories obsolescence	161	702	318	992
Impairment losses recognised for trade and other receivables	2,837	493	3,047	1,504
Impairment losses recognised for property, plant and equipment	-	660	-	488
Property, plant and equipment written off	-	-	29	-
Finance costs	10,931	12,755	23,022	28,199
Dividend income from other investments	(29)	(234)	(29)	(234)
Interest income	(3,604)	(3,232)	(7,288)	(6,707)
Loss/(gain) on disposal of:				
- joint ventures	-	-	(76)	-
- property, plant and equipment	1,764	1,061	3,267	1,201
- land use rights	-	-	(548)	(40)
Fair value loss/(gain) on investments	1,212	(40)	1,419	(17)
Fair value gain on derivatives	(2,285)	(4,597)	(411)	(4,296)
Provision for warranties and other costs, net	19,206	27,432	38,751	48,845
<b>Operating profit before working capital changes</b>	<u>123,091</u>	<u>127,742</u>	<u>230,469</u>	<u>258,678</u>
Changes in working capital:				
Inventories	66,345	75,493	(3,525)	29,218
Trade and other receivables	227,891	56,550	50,164	(226,800)
Trade and other payables	3,977	(77,722)	111,726	(31,539)
Provisions utilised	(21,197)	(28,312)	(42,470)	(45,769)
<b>Cash flows from/(used) in operations</b>	<u>400,107</u>	<u>153,751</u>	<u>346,364</u>	<u>(16,212)</u>
Income tax paid	(24,465)	(32,271)	(34,543)	(42,894)
<b>Cash flows from/(used) in operating activities</b>	<u>375,642</u>	<u>121,480</u>	<u>311,821</u>	<u>(59,106)</u>
<b>Investing activities</b>				
Acquisition of non-controlling interests in subsidiaries	-	-	-	(6,610)
Investment in associates	-	(96)	-	(96)
Dividends received from:				
- associates and joint ventures	6,104	3,068	6,104	3,068
- other investments	29	234	29	234
Interest received	3,683	5,849	8,312	10,726
Release of short-term investment and restricted deposits	16	11,554	9,122	117,306
Purchase of:				
- property, plant and equipment	(24,188)	(50,041)	(51,938)	(83,713)
- intangible assets	(208)	(1,305)	(805)	(3,956)
Proceeds from disposal of:				
- joint ventures	-	-	385	-
- property, plant and equipment	636	175	1,602	550
- land use rights	(119)	238	861	519
- other investments	-	21	-	21
<b>Net cash flows (used in)/from investing activities</b>	<u>(14,047)</u>	<u>(30,303)</u>	<u>(26,328)</u>	<u>38,049</u>
<b>Financing activities</b>				
Dividend paid to:				
- non-controlling interests of subsidiaries	(66,763)	(80,303)	(66,763)	(80,303)
- shareholders of the Company	(7,478)	(11,217)	(7,478)	(11,217)
Interest paid	(16,847)	(11,744)	(26,391)	(25,865)
Proceeds from borrowings	181,004	112,235	526,821	302,322
Grant received from government	1,837	3,337	3,201	3,445
Repayment in respect of borrowings	(236,866)	(102,628)	(545,654)	(361,130)
Repayment of obligation under finance leases	(447)	(624)	(798)	(901)
<b>Net cash flows used in financing activities</b>	<u>(145,560)</u>	<u>(90,944)</u>	<u>(117,062)</u>	<u>(173,649)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	216,035	233	168,431	(194,706)
Cash and cash equivalents at beginning of the period	715,312	630,418	740,542	842,877
Effect of exchange rate changes on balances held in foreign currencies	(17,144)	(2,431)	5,230	(19,951)
<b>Cash and cash equivalents at end of the period</b>	<u>914,203</u>	<u>628,220</u>	<u>914,203</u>	<u>628,220</u>
Comprising:				
Cash and short-term deposits			947,683	701,080
Less: Bank overdraft			(322)	-
Less: Short-term investment and restricted deposits			<u>(33,158)</u>	<u>(72,860)</u>
			<u>914,203</u>	<u>628,220</u>

The attributable net assets of a joint venture liquidated during the period are as follows:

	2Q 2015 \$'000	2Q 2014 \$'000	1H 2015 \$'000	1H 2014 \$'000
Cash	-	-	373	-
Net assets disposed	-	-	373	-
Gain on liquidation of a joint venture	-	-	76	-
Realisation of foreign currency translation reserve upon liquidation of a foreign operation	-	-	(64)	-
Net cash inflow on liquidation of a joint venture	-	-	385	-

## Comparatives

The following comparatives in the cash flow statement have been restated as follows:

	Note	As previously stated		Restatement		As restated	
		2Q 2014 \$'000	1H 2014 \$'000	2Q 2014 \$'000	1H 2014 \$'000	2Q 2014 \$'000	1H 2014 \$'000
Depreciation and amortisation	(i)	25,986	51,760	4,487	8,768	30,473	60,528
Purchase of property, plant and equipment	(i)	(45,554)	(74,945)	(4,487)	(8,768)	(50,041)	(83,713)
Release of short-term investment and restricted deposit	(ii)	-	-	11,554	117,306	11,554	117,306
<i>Impact on net cash flows:</i>							
Operating		116,993	(67,874)	4,487	8,768	121,480	(59,106)
Investing		(37,370)	(70,489)	7,067	108,538	(30,303)	38,049
Financing		(41,686)	(124,391)	(49,258)	(49,258)	(90,944)	(173,649)
<b>Net increase/(decrease) in cash and cash equivalents</b>		37,937	(262,754)	(37,704)	68,048	233	(194,706)
Cash and cash equivalents at beginning of the period	(ii), (iii)	666,133	983,305	(35,715)	(140,428)	630,418	842,877
Effect of exchange rate changes on balances held in foreign currencies	(iv)	(2,990)	(19,471)	559	(480)	(2,431)	(19,951)
<b>Cash and cash equivalents at end of the period</b>		701,080	701,080	(72,860)	(72,860)	628,220	628,220
Comprising:							
Cash and short-term deposits		701,080	701,080	-	-	701,080	701,080
Less: Short-term investment and restricted deposits		-	-	(72,860)	(72,860)	(72,860)	(72,860)
		701,080	701,080	(72,860)	(72,860)	628,220	628,220

## Note:

The restatement and reclassification mentioned below did not have any impact to both the Statement of Financial Position of the Group as at 30 June 2014 and the Income Statement for the quarter and half year then ended.

- (i) Disclosure of depreciation and purchase of property, plant and equipment in the Cash Flow Statement was previously understated by \$4,487,000 for 2Q 2014 and \$8,768,000 for 1H 2014 respectively, affecting only 1(a)(ii) Notes to the Income Statement and 1(c) Cash Flow Statement in the Company's financial results announcement for the quarter and half year ended 30 June 2014. This had no effect on the financial performance as depreciation was correctly reflected in the Income Statement for both 2Q 2014 and 1H 2014.
- (ii) This is largely due to reclassification of fixed deposits released from financing activities to investing activities in 2Q 2014. In addition, Yuchai had restricted cash of RMB500 million relating to trade receivables as at 31 December 2013, which had been factored and fully settled by customers. The amount, which had previously been classified as part of the cash and cash equivalents, was reclassified as restricted cash as at 31 December 2013. The amount was fully released from the bank in the first quarter ("1Q") of 2014.
- (iii) Cash and cash equivalents as at 1 January 2014 (and 1 April 2014) have been restated to reflect the following items:
  - (1) The restricted cash of RMB500 million (1 April 2014: RMB10 million) mentioned in Note (ii) above;
  - (2) The fixed deposit of RMB110.5 million (1 April 2014: RMB113.5 million) reclassified from cash and cash equivalents to short-term investment made by Yuchai;
  - (3) The deposits of RMB54.3 million (1 April 2014: RMB52.0 million) pledged with the bank by Xinfei (which had previously been classified as part of the cash and cash equivalents).
- (iv) This is the effect of currency translation difference for the amount reclassified from cash and cash equivalents to short-term investment and restricted cash in Note (iii) above.

**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.**

	Share capital \$'000	Capital reserve \$'000	Statutory reserve \$'000	Fair value reserve \$'000	Equity compensation reserve \$'000	Translation reserve \$'000	Discount on acquisition of non-controlling interests \$'000	Accumulated profits \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Statement of Changes in Equity</b>											
<b>The Group</b>											
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 At 1 January 2014 (restated)	-	-	-	-	-	317	-	296	613	1,951	2,564
	266,830	(1,569)	34,896	45,525	2,390	(18,996)	13,173	499,643	841,892	1,386,501	2,228,393
Profit for the period	-	-	-	-	-	-	-	13,267	13,267	36,199	49,466
<u>Other comprehensive income</u>											
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	(18,973)	-	-	(18,973)	(39,773)	(58,746)
Net fair value changes of available-for-sale financial assets	-	-	-	53	-	-	-	-	53	-	53
Other comprehensive income for the period	-	-	-	53	-	(18,973)	-	-	(18,920)	(39,773)	(58,693)
Total comprehensive income for the period	-	-	-	53	-	(18,973)	-	13,267	(5,653)	(3,574)	(9,227)
<b>Transactions with owners, recorded directly in equity</b>											
<u>Contributions by and distributions to owners</u>											
Cost of share-based payments	-	-	-	-	15	-	-	-	15	-	15
<u>Changes in ownership interests in subsidiaries</u>											
Acquisition of non-controlling interests At 31 March 2014	-	-	-	-	-	-	2,251	-	2,251	(8,861)	(6,610)
	266,830	(1,569)	34,896	45,578	2,405	(37,969)	15,424	512,910	838,505	1,374,066	2,212,571
At 1 April 2014	266,830	(1,569)	34,896	45,578	2,405	(37,969)	15,424	512,910	838,505	1,374,066	2,212,571
Profit for the period	-	-	-	-	-	-	-	9,615	9,615	35,353	44,968
<u>Other comprehensive income</u>											
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	(2,355)	-	-	(2,355)	(6,631)	(8,986)
Net fair value changes of available-for-sale financial assets	-	-	-	(17)	-	-	-	-	(17)	-	(17)
Realisation of reserves upon liquidation of subsidiary	-	-	(4)	-	-	-	-	-	(4)	-	(4)
Other comprehensive income for the period	-	-	(4)	(17)	-	(2,355)	-	-	(2,376)	(6,631)	(9,007)
Total comprehensive income for the period	-	-	(4)	(17)	-	(2,355)	-	9,615	7,239	28,722	35,961
<b>Transactions with owners, recorded directly in equity</b>											
<u>Contributions by and distributions to owners</u>											
Cost of share-based payments	-	-	-	-	15	-	-	-	15	-	15
Dividends paid to shareholders	-	-	-	-	-	-	-	(11,217)	(11,217)	-	(11,217)
Dividends paid to non-controlling interests of subsidiaries At 30 June 2014	-	-	-	-	-	-	-	-	-	(80,303)	(80,303)
	266,830	(1,569)	34,892	45,561	2,420	(40,324)	15,424	511,308	834,542	1,322,485	2,157,027
At 1 January 2015	266,830	293	35,321	45,579	2,872	(11,915)	17,204	511,191	867,375	1,458,846	2,326,221
Profit for the period	-	-	-	-	-	-	-	4,691	4,691	22,656	27,347
<u>Other comprehensive income</u>											
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	23,739	-	-	23,739	59,376	83,115
Net fair value changes of available-for-sale financial assets	-	-	-	(30)	-	-	-	-	(30)	-	(30)
Realisation of foreign currency translation reserve upon liquidation of a foreign operation	-	-	-	-	-	(32)	-	-	(32)	(32)	(64)
Other comprehensive income for the period	-	-	-	(30)	-	23,707	-	-	23,677	59,344	83,021
Total comprehensive income for the period	-	-	-	(30)	-	23,707	-	4,691	28,368	82,000	110,368
<b>Transactions with owners, recorded directly in equity</b>											
<u>Contributions by and distributions to owners</u>											
Cost of share-based payments At 31 March 2015	-	-	-	-	281	-	-	-	281	454	735
	266,830	293	35,321	45,549	3,153	11,792	17,204	515,882	896,024	1,541,300	2,437,324
At 1 April 2015	266,830	293	35,321	45,549	3,153	11,792	17,204	515,882	896,024	1,541,300	2,437,324
Profit for the period	-	-	-	-	-	-	-	638	638	37,514	38,152
<u>Other comprehensive income</u>											
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	-	-	-	(20,417)	-	-	(20,417)	(34,238)	(54,655)
Net fair value changes of available-for-sale financial assets	-	-	-	(38)	-	-	-	-	(38)	-	(38)
Other comprehensive income for the period	-	-	-	(38)	-	(20,417)	-	-	(20,455)	(34,238)	(54,693)
Total comprehensive income for the period	-	-	-	(38)	-	(20,417)	-	638	(19,817)	3,276	(16,541)
<b>Transactions with owners, recorded directly in equity</b>											
<u>Contributions by and distributions to owners</u>											
Cost of share-based payments	-	-	-	-	274	-	-	-	274	444	718
Dividends paid to shareholders	-	-	-	-	-	-	-	(7,478)	(7,478)	-	(7,478)
Dividends paid to non-controlling interests of subsidiaries At 30 June 2015	-	-	-	-	-	-	-	-	-	(66,763)	(66,763)
	266,830	293	35,321	45,511	3,427	(8,625)	17,204	509,042	869,003	1,478,257	2,347,260

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

Statement of Changes In Equity	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Equity compensation reserve \$'000	Accumulated profits \$'000	Total equity \$'000
<b>The Company</b>						
At 1 January 2014	266,830	9,199	2	2,337	39,258	317,626
Total comprehensive income for the period	-	-	-	-	229	229
<b>Transactions with owners, recorded directly in equity</b>						
<u>Contributions by and distributions to owners</u>						
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
<b>Transactions with owners, recorded directly in equity</b>						
<u>Contributions by and distributions to owners</u>						
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 January 2015	266,830	9,199	-	2,397	48,058	326,484
Total comprehensive income for the period	-	-	-	-	21,127	21,127
<b>Transactions with owners, recorded directly in equity</b>						
<u>Contributions by and distributions to owners</u>						
Cost of share-based payments	-	-	-	14	-	14
At 31 March 2015	266,830	9,199	-	2,411	69,185	347,625
At 1 April 2015	266,830	9,199	-	2,411	69,185	347,625
Total comprehensive income for the period	-	-	-	-	18,540	18,540
<b>Transactions with owners, recorded directly in equity</b>						
<u>Contributions by and distributions to owners</u>						
Cost of share-based payments	-	-	-	14	-	14
Dividends paid to shareholders	-	-	-	-	(7,478)	(7,478)
At 30 June 2015	266,830	9,199	-	2,425	80,247	358,701

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

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

The Company did not hold any treasury shares as at 30 June 2015, 31 December 2014 and 30 June 2014.

There was no change in the Company's issued share capital during the three months ended 30 June 2015.

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

There was no option exercised pursuant to the terms of the Hong Leong Asia Share Option Scheme 2000 (the "Scheme") during the three months ended 30 June 2015.

As at 30 June 2015, there were a total of 1,670,000 (30 June 2014: 1,470,000) unissued shares under option granted pursuant to the Scheme. Details are as follows:

<b>Year of Grant</b>	<b>Exercise Price</b>	<b>Number of Outstanding Options</b>
2008	\$2.36	470,000
2011	\$3.17	460,000
2014	\$1.31	540,000
2015	\$1.45	200,000
Total		1,670,000

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

The total number of issued ordinary shares as at 30 June 2015 and 31 December 2014 was 373,908,559.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There was no sale, transfer, disposal, cancellation and/or use of treasury shares during the three months ended 30 June 2015.

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

The figures have not been audited or reviewed.

**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 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.

There has been no change in the accounting policies and methods of computation adopted by 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			
	2Q 2015	2Q 2014	1H 2015	1H 2014
Earnings per ordinary share based on net profit attributable to shareholders				
(i) Based on the weighted average number of ordinary shares in issue (cts)	0.17	2.57	1.43	6.12
(ii) On a fully diluted basis (cts)	0.17	2.57	1.43	6.12

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	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Net Asset Value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares, if any, of the issuer as at 30 June 2015 and as at 31 December 2014 (cts)	232.41	231.98	95.93	87.32

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

#### **2Q 2015 versus 2Q 2014**

Revenue for the Group increased marginally by \$12.0 million to \$1.2 billion as compared to 2Q 2014. The increase was mainly due to higher revenue from the diesel engines unit ("Yuchai") and the building materials unit ("BMU") but partially offset by lower revenue from the consumer products unit ("Xinfei"). Profit attributable to the owners of the Company ("PATMI") for the quarter under review dipped to \$0.6 million from \$9.6 million in 2Q 2014. The decrease was mainly due to higher losses suffered by Xinfei which was partially offset by higher profit from Yuchai.

- Revenue of Xinfei continued to be affected by the weaker home appliance market in China and the general slowdown in China's economy, further exacerbated by the keen competition and over capacity in the industry which led to lower sales for Xinfei in 2Q 2015. Unit sales were lower by 22.3% as compared to the same period last year. As a result, Xinfei's revenue declined by 18.7% in 2Q 2015 compared to 2Q 2014.
- Revenue of Yuchai for 2Q 2015 increased by \$30.0 million compared to 2Q 2014. The total number of engines sold by Yuchai during 2Q 2015 was 115,208 units compared with 127,799 units in the same quarter of 2014, representing a decrease of 12,591 units or 9.9%. This was mainly due to the general weakness of the commercial vehicle market in China and the general slowdown in China's economy, though partially offset by the growth in sales of agriculture applications in 2Q 2015. According to the China Association of Automobile Manufacturers ("CAAM"), commercial vehicle sales (excluding gasoline-powered vehicles) declined by 14.2% in 2Q 2015 compared to the same quarter last year. Despite the decline in unit sales, revenue increased mainly due to sales of more higher-priced National IV and V engines and strengthening of the RMB in 2Q 2015.
- Revenue of BMU for 2Q 2015 increased by 3.5% as compared to 2Q 2014 due to the higher sales from its Precast division.
- Revenue of the industrial packaging unit ("Rex") for 2Q 2015 declined by 1.5% as compared to 2Q 2014. The demand from existing customers remains weak.
- Revenue of the air-conditioning systems unit ("Airwell") for 2Q 2015 increased by 9.7% as compared to 2Q 2014 mainly due to higher export sales.

The Group's gross profit margin for 2Q 2015 improved to 21.4% as compared to 20.7% for 2Q 2014 mainly due to reduction in raw material costs. Gross profit margins of all business units in 2Q 2015 improved with the exception of Xinfei as compared to 2Q 2014.

Other income for 2Q 2015 decreased by \$2.9 million as compared to 2Q 2014 mainly due to lower fair value gain on derivative transaction.

Selling and distribution ("S&D") expenses for 2Q 2015 increased by \$4.2 million or 4.1% compared to 2Q 2014. This was mainly due to higher expenses incurred on sales incentive and marketing promotions by Xinfei.

Research and development ("R&D") expenses for 2Q 2015 increased by \$5.5 million or 19.5% compared to 2Q 2014. This was due mainly to Yuchai's ongoing research and development of new engine products and its continued initiatives to improve engine performance and quality.

General and administrative ("G&A") expenses for 2Q 2015 increased by \$4.3 million or 9.9% compared to 2Q 2014 due mainly to higher staff cost and depreciation incurred by Yuchai.

Finance costs for 2Q 2015 decreased by \$1.8 million or 14.3% as compared to 2Q 2014 due mainly to lower bill discounting by Xinfai.

Share of losses of associates and joint ventures, net of tax increased by \$0.6 million compared with 2Q 2014 due to lower profit from associates of BMU but partially offset by lower losses incurred by associates and joint ventures of Yuchai in 2Q 2015.

The higher income tax expense for 2Q 2015 compared to 2Q 2014 was due mainly to higher tax provision by Yuchai and BMU as a result of higher profit.

### **1H 2015 versus 1H 2014**

Revenue for the Group decreased from \$2,422.2 million in 1H 2014 to \$2,266.4 million in 1H 2015, a decrease of 6.4%. The decrease was mainly due to lower revenue from Yuchai and Xinfai. Profit attributable to the owners of the Company was \$5.3 million in 1H 2015 as compared to \$22.9 million in 1H 2014.

- Xinfai's revenue declined by 19.5% as compared to 1H 2014 due to weaker home appliance market in China, the general slowdown in China's economy and keen competition.
- Yuchai's revenue declined by 6.0% as compared to the same period last year. Units of engines sold in 1H 2015 declined by 21.3% as compared with 1H 2014. The decrease in unit sales was mainly due to the general weakness of the commercial vehicle market in China and the general slowdown in China's economy, though partially offset by the growth in sales of agriculture applications in 1H 2015. According to CAAM, commercial vehicle sales (excluding gasoline-powered vehicles) declined by 20.1% in 1H 2015 as compared to the same period last year.
- BMU's revenue increased by 3.2% as compared to 1H 2014. The increase was mainly contributed by Precast division.
- Rex's revenue declined by 7.5% as compared to 1H 2014 due mainly to keen competition and lower demand from existing customers.
- Revenue of Airwell increased by 2.9% as compared to 1H 2014.

The Group's gross profit margin in 1H 2015 was 20.8% as compared to gross profit margin of 20.0% in 1H 2014, 0.8% higher. Overall raw material cost as a percentage of sales for the Group decreased by 1.8% as compared to the same period last year. There was an improvement in the gross profit margins of Yuchai, BMU and Airwell. However, the gross profit margins of Xinfai and Rex declined marginally.

Other income decreased by \$7.3 million as compared to 1H 2014 mainly due to lower fair value gain on derivative transaction and higher loss on disposal of property, plant and equipment in Yuchai.

S&D expenses in 1H 2015 decreased by \$2.8 million, or 1.4% compared to 1H 2014. It was mainly due to lower warranty expense and outward freight incurred by Yuchai and Xinfai but partially offset by higher sales incentive and marketing programs by Xinfai.

R&D expenses in 1H 2015 increased by \$8.5 million or 16.1% over 1H 2014 due mainly to higher spending by Yuchai in the research and development of new engine products and continued initiatives to improve engine performance and quality.

G&A expenses in 1H 2015 increased by \$8.5 million or 10.1% over 1H 2014 due mainly to higher depreciation and staff cost incurred by Yuchai.

Finance costs in 1H 2015 decreased by \$5.2 million or 18.4% as compared to 1H 2014. This was due mainly to lower interest expense incurred on bill discounting by Xinfai and Yuchai.

Share of losses of associates and joint ventures, net of tax increased by \$0.8 million compared to 1H 2014. This was mainly due to lower profit from associates of BMU but partially offset by lower losses incurred by associates and joint ventures of Yuchai in 1H 2015.

Income tax expenses in 1H 2015 decreased by \$0.7 million or 2.2% as compared to 1H 2014. This was due to lower profit derived by Yuchai but partially offset by higher profit derived by BMU.

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

The Group had cash and short-term deposits of \$947.7 million at the end of 2Q 2015 compared with \$796.8 million as at 31 December 2014.

During the quarter under review, the Group generated cash from operating activities of \$375.6 million. This was mainly due to higher collection from trade and bills receivables and lower inventories holdings (as compared to 31 March 2015).

The cash outflow from investing activities was related mainly to the purchase of property, plant and equipment amounting to \$24.2 million.

The Group had net cash outflow from financing activities of \$145.6 million for 2Q 2015 which was mainly due to net repayment of bank borrowings of \$55.9 million, dividend payment of \$74.2 million and interest payment of \$16.8 million.

**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.**

Similar to the first quarter (“1Q”) of 2015, China achieved GDP growth of 7.0% for 2Q 2015 as compared to 7.4% for the full year of 2014. The figure is in line with the Chinese government’s forecast of about 7% for the year 2015 versus International Monetary Fund’s projection of 6.8%. Singapore’s economy grew by 1.8% in 2Q 2015, slower than the 2.8% achieved in 1Q 2015 and the 2.9% in year 2014. The Singapore economy is forecasted to grow between 2.0% to 2.5% for 2015.

China’s economy continued to show slower growth in 2Q 2015. The slower growth has caused the Chinese government to ease its monetary policy by cutting interest rates by 0.25% each in May 2015 and June 2015. The growth in the second half of 2015 will depend on factors such as net export, household and government consumption and the impact of the volatile commodity prices on market economics. China’s devaluation of its tightly controlled currency, the RMB, in two consecutive days earlier this week, has resulted in a 3.5% devaluation of the RMB. Widely seen as a move by the Chinese government to help improve both exports and economic growth for China, the RMB devaluation has triggered falls in global stock markets and weakened oil and commodity prices further. Regional currencies fell on fears that a weaker RMB could threaten other economies in the region.

According to CAAM, the commercial vehicle market (excluding gasoline-powered vehicles) in China continued to decline by 14.2% for 2Q 2015. The overall commercial vehicle market will continue to be affected by the economic slowdown in China.

The white goods industry in China relating to consumer appliances remains challenging amidst issues on overcapacity, intensified competition and lower consumer demand. The recent plunge in China stock prices wiped out trillion of US dollars in market value, and exacerbated the challenges in the white goods industry. Retail and consumer-goods companies are affected as customers are spending less. These challenges will continue to impact Xinfei’s performance for the remainder of the current year.

In Singapore, the construction industry expanded by 2.5% in 2Q 2015 against 1.1% in 1Q 2015 and 3.0% in year 2014. The growth was supported by stronger expansion in public sector construction activities. As the public sector cuts back its activities and in light of a very weak private residential market, competition in the construction industry in Singapore will remain very intense for the second half of 2015. The outlook for the construction sector in Malaysia is expected to remain positive. The ongoing government MRT projects and LRT line extensions are expected to continue to lead the construction sector’s growth for 2015 and this will be positive for the operations of the Group’s subsidiary, Tasek Corporation Berhad.

Airwell will continue to grow the export business with its existing key European customers and secure more customers within Europe and other regions. For the China market, it has appointed more local dealers to expand its domestic sales. For project sales, Airwell will continue to engage directly with developers and design institutions.

In view of the current challenging business environment and uncertain global economy, the Group expects in the near term a weaker performance from its business units, especially with the majority of the Group’s businesses based in China. The Group will continue to monitor market conditions closely to mitigate adverse effects, continue to exercise cost discipline in all business areas and strengthen the Group’s financial position through better working capital to enhance its cash position.

## 11. Dividend

### **(a) Current Financial Period Reported On**

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

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

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

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

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

### **(c) Date payable**

11 September 2015

### **(d) Books closure date**

5.00 p.m. on 27 August 2015

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

No applicable.

## 13. Interested person transactions

Name of Interested Person	Aggregate value of all interested person transactions for the quarter ended 30 June 2015 conducted under IPT mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Hong Leong Investment Holdings Pte. Ltd. and its associates - General Transaction (renewal of sub-lease of office premises by the Company for a lease tenure of three years)	\$1,451,970

**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 August 2015

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

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results of the Group for the second quarter and half year ended 30 June 2015 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 August 2015